SOUTH SHORE TRI-TOWN DEVELOPMENT CORPORATION

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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TABLE OF CONTENTS

Transmittal Letter 1

Independent Auditor's Report 16

Management's Discussion and Analysis 18

Basic Financial Statements 35

- Statement of Net Position 36
- Statement of Activities 37
- Balance Sheet – Governmental Funds 38
- Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds 39
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 40
- Statement of Net Position – Proprietary Fund 41
- Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund 42
- Statement of Cash Flows – Proprietary Fund 43
- Statement of Fiduciary Net Position 44
- Notes to Basic Financial Statements 45

Required Supplementary Information 64

- Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual 66
- Other Postemployment Benefit Plan Schedule of Funding Progress and Schedule of Employer Contributions ... 68
- Other Postemployment Benefit Plan Actuarial Methods and Assumptions 69
- Notes to Required Supplementary Information 70

South Shore Tri-Town Development Corporation

Transmittal Letter

August 25, 2014

Board of Directors
South Shore Tri-Town Development Corporation
223 Shea Memorial Drive
Weymouth, MA 02190

Dear Sirs:

Before proceeding to the details of Fiscal Year 2014, I would like express our sorrow at the passing of James W. Lavin on February 8, 2014. Mr. Lavin had served as the Abington Representative to the Board of Directors since the Board's inception in September, 1998. Prior to that point, he had served on the NASPC, the committee responsible for drafting a plan to transition the Weymouth Naval Air Station to an entity that would benefit the three Towns adjacent to the Naval Air Station. His dedicated service to the Town of Abington and the Board of Directors was exemplary. His position was filled by Christopher Aiello who was elected to fill the position of Clerk on the Board. Mr. Aiello attended his first meeting on March 10, 2014.

With that being stated, I am pleased to transmit to you the South Shore Tri-Town Development Corporation financial report for the fiscal year ended June 30, 2014. This report has been prepared by the Finance Department for the South Shore Tri-Town Development Corporation (SSTTDC) in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

The report consists of management's representations concerning the finances of the SSTTDC. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a system of internal controls that is designed both to protect the assets of the SSTTDC from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the SSTTDC's financial statements in conformity with GAAP.

Since the cost of internal controls should not outweigh their benefits, the SSTTDC's framework of internal controls has been described to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The SSTTDC's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants, who have been hired by and report to the Board of Directors.

The audit was undertaken in accord with the Tax Plan adopted by the SSTTDC and assented to by the Secretary of Administration and Finance in accord with the 2008 Enabling Legislation.

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

GOVERNMENT STRUCTURE UNCERTAIN

Fiscal year 2014 was noteworthy in that on October 7, 2013, Mr. Robert Glantz, and Mr. Matthew Barry representatives of Starwood Land Ventures, the sole shareholder of LNR South Shore, LLC (hereinafter "LNR") presented to the Board of Directors at an open meeting their opinion that the SouthField project was not currently a viable project for private investors. LNR listed several problems that had stalled the development including but not limited to regulations that ignored market realities and uncertain financial sources for the creation of water, sewer and other municipal services. It is noted that LNR South Shore, LLC was named the Master Developer for the SSTTDC in 2006.

Mr. Glantz presented solutions that included a LNR/Starwood takeover of water and wastewater responsibilities from SSTTDC, shifting the parkway funding obligations to Federal and State governments, empowering the Host Towns to take local control with the authority to amend zoning use within its borders and SouthField property taxes paid directly to each Town. In return, the Towns would provide municipal services to its portion of the SouthField project at no extra charge. Weymouth would continue to educate all SouthField children. Recreation plans would be modified to respond to actual community needs and affordable/workforce housing would be reduced by fifty percent to ten percent of residential units built at SouthField. LNR would continue to maintain the Host Community Agreements and be the Master Developer. LNR proposed that a two tier tax system be imposed on property located within SouthField (the base tax rate established by the communities plus a SouthField rate for that would be utilized by the SSTTDC for expenses solely related to those matters within the jurisdictional boundaries of the SSTTDC).

Mr. Glanz indicated that these solutions required legislative approval for a rewritten Enabling Act and that the Reuse Plan and Master Plan should be revoked with their core elements retained to reflect current thinking and market conditions. They emphasized that there was an immediate need for a water and wastewater solution and that LNR South Shore, LLC would bring the development to a 'hard stop' if the Legislation was not enacted. They were true to their word. The last development plan submitted to the SSTTDC was in January, 2013.

For nine months during FY2014, LNR focused its time, attention and energy on gathering support for its notice on changes and, as a result, did not proceed with land sales at SouthField. By way of example, on December 20, 2013, LNR informed the SSTTDC that it was considering the sale of two lots of land:

a. LNR proposed the sale of 22 acres of property for approximately $4.6 million that consisted of 108 lots of land.
b. In March, 2014 LNR proposed the sale of land consisting of 14 acres for 200 residential units.

Both proposed sales were stalled as of June 30, 2014.

LNR submitted its changes to the Enabling Act on July 9th, 2014 for consideration during the final weeks of the 2014 Legislative Session.

On August 20, 2014, the Governor signed Chapter 291 of the Acts of 2014 that, in summary form, provides for the following major impacts:

a. The entity be renamed to Southfield Redevelopment Authority.
b. A nine member Board of Directors that included two current residents from SouthField, a representative from labor and one from the South Shore Chamber of Commerce along with the existing 5 members from the three towns.
c. Current board is terminated and can only act on day to day matters until a new Board is named and constituted which can be no later than 60 days after the effective date of the Act. As of this writing, the effective date has not been determined.
d. Eliminates the Executive Director and Chief Financial Officer's positions whose tenures ended on 8-1 by action of the Board of Directors but who will remain employed for 30 days to insure that any issues involving the FY2014 are resolved. The CFO hours have been reduced to part time status.
e. Towns begin to collect taxes and provide for typical municipal services as of January 1, 2015 if and only if a new parkway Memorandum of Agreement is executed by October 15, 2014.
f. The Parkway Clawback remains but the State can agree to defer payments. However, it may do so only after the SSTTDC submits to the Secretary of Administration and Finance a new re-development plan.
g. The Master Plan and Reuse Plan may remain but can be amended without a vote of the legislative bodies of the three towns who initially enacted each of these governing documents.
h. Includes the SSTTDC under the GL chapter 30B requirements.
i. Re-write a new Tax Plan that accommodates the legislative changes.
j. Re-negotiate the Development and Disposition Agreement with LNR.
k. LNR becomes responsible to secure water and wastewater facilities for the entire project.
l. The 2010A Series Bond remains with the new Authority and not the Towns, however, the Towns will be responsible to invoice and transmit collected funds to the SSTTDC to make timely debt service payments
m. When the new legislation is enacted, the recent vote of the Board of Directors to terminate the Master Developer is void.

FINANCIAL CONTROLS

The finance department focuses on six elements: (1) create a chart of accounts utilizing fund accounting, (2) cash reconciliations, (3) implement a receivables process including reconciliation of same, (4) insure that all expenses tie to approved warrants that were reviewed and authorized by the Chief Executive Officer, a member of the Finance Division and a majority of the Board of Directors, (5) the creation of divisions within Finance with specific personnel to achieve good internal controls, and (6) implement a warrant system to capture not only the employees payroll liabilities but also the SSTTDC's liabilities for payroll taxes and benefit contributions. Each of these was achieved during FY2013 and continued through 2014.

While implementing the above six elements, the organization was mindful of the fact that the finance area is comprised of five unique areas, each having a fiduciary responsibility to the organization. In FY2013, the SSTTDC was able to fully implement an in-house payroll system.

The CFO, per the enabling Legislation, is responsible for the supervision and coordination of the accounting, treasury and collection, procurement, and assessment administration functions as well as control of all funds. Given the foregoing, the finance department should consist of the five divisions namely: Management, Accounting, Treasury and Collection, Assessment and Procurement. By so doing, the department would be responsible for administering the SSTTDC's operations including the administration of a comprehensive financial management system, optimizing cost and quality control of centralized procurement, overseeing the collection of revenues, monitoring the SSTTDC's financial position through an accurate accounting program as well as debt management and property appraisal.

The Accounting division is responsible for centralized accounting and reporting. Accounting responsibilities include the maintenance of appropriation and full general ledger and subsidiary accounting records, the administration of payroll and accounts payable activities. The division is also responsible for monthly, quarterly and annual financial reporting and for assisting in the preparation of the annual budget. The Accountant maintains the official books of account for the SSTTDC.

The Treasurer/Collector, under the current Tax Plan, reports separately to the Board of Directors. This division is responsible for centralized treasury management activities and effective cash management in accordance with state and federal law as well as centralizes revenue collection. Responsibilities of the division include the billing and collection of real and personal property taxes and motor vehicle excise taxes. This division oversees the collection of departmental fees, licenses and user charges to insure such revenues are promptly and accurately received and collected.

The Assessment division is responsible for locating and appraising all real and personal property for inclusion on the tax rolls. Included among the services of the division are the maintenance of records on each parcel of land and the related structures, updating maps of each property, and providing assistance to the public in filing for state authorized abatement programs. Finally, the assessor's responsibilities are to frame, compute and submit the annual RECAP forms to MA Department of Revenue in order for the SSTTDC to set its property tax rates.

Procurement: It is noted that the current Enabling Legislation exempts the SSTTDC from procurement laws. The SSTTDC management believes that sound business practices similar to those annunciated in the procurement statutes should be looked to for guidance when significant assets or services are being sought.

During FY2012, a system was devised to begin the process of establishing internal controls and thereby safeguarding the assets of the organization. For example, the practice of having all checks, regardless of the amount, signed by one person from the administration and one person from finance was established. Another example was that the person who writes the checks neither signs the check nor reconciles the account. A third example was the implementation of a cash book system of accounting whereby it was reconciled both to the bank statements and to the general ledger cash balance.

In addition, a chart of accounts and a system of charge codes were established whereby invoices were required to be paid through an accounts payable module thereby recording cash simultaneously in the general ledger and the treasurer's cash book. For all of FY2013 and FY2014, all payments received by the SSTTDC in the form of checks were processed using a 'remote capture' system of banking.

The petty cash system was abolished during FY2012 and a system of debit cards was implemented for minor purchases. Each authorized user was assigned a unique card and identifier and the account is managed and reconciled on a monthly basis. The need for cash in the office was eliminated.

Each division, to be in strict compliance with internal controls, should have personnel assigned to that division alone. During fiscal year 2014 staffing patterns have been developed to insure a reasonable review of the records of the SSTTDC.

OVERVIEW

The SSTTDC was created in 1998. In 1998, the voters of Abington, Rockland and Weymouth adopted a petition (hereinafter the Petition) creating the South Shore Tri-Town Development Corporation to control the land formerly known as the South Weymouth Naval Air Station. In 2008, the MA Legislature, at the request of the Board of Directors, further amended the original petition. The statutory reference is Chapter 303 of the Acts of the MA Legislature in the Year 2008.

SSTTDC initially acted as a Redevelopment Authority and was organized under State law through that Petition submitted by the Towns of Abington, Rockland and Weymouth as a body, corporate and politic, having the authority to oversee and direct the SSTTDC's redevelopment activities. Fiscal year 2012 saw a transition from an entity similar to a redevelopment authority to an entity similar to that of a municipality.

In addition to the Petition and the Reuse Plan, the SSTTDC is also required to comply with many state and local finance laws, ordinances and administrative requirements in accord with a Tax Plan required under the Petition. The Tax Plan was approved in August of 2009 by both the SSTTDC and the Secretary of Administration and Finance.

The Board of Directors is the sole entity responsible for pursuing the acquisition and redevelopment of the former Naval Air Station (NAS). Among the powers granted in the Petition, the SSTTDC Board of Directors is charged with administering licenses, building permits and zoning approvals within its jurisdictional boundaries. The SSTTDC is also charged with collecting tax revenue from development within the Base. They appoint a Chief Executive Officer who then appoints the staff including the Chief Financial Officer and a Collector/Treasurer. The office of the Chief Financial Officer was filled in October of 2010. The office of Treasurer/Collector was filled in June of 2012. Both positions were required under the Tax Plan.

The Petition created the Office of Chief Financial Officer reporting to the Board of Directors and requires a centralized/integrated finance department. The Petition also sets forth requirements on the development and submittal of the annual budget and supplementary budgets and appropriation requests.

Little redevelopment and/or governmental activity could take place until such time as the negotiations for the approximately 1,387 acres of land between the SSTTDC and the Navy were completed and the land transferred.

As of December 15, 2012, the transfers (and land set aside) of land from the Navy to the SSTTDC had occurred as follows:

a. May 2003: 225 acres set aside for public recreation land under the direction of SSTTDC
b. May 2003: 324 acres for economic development
c. September 2008: 100 acres set aside for recreation land to the Department of the Interior
d. September 2009: 8 acres set aside for recreation land to the Department of the Interior
e. April 2010: 15 acres set aside for recreation land to the Department of the Interior
f. December 2011: 558 acres for economic development
g. Hold back by the Navy: 105 acres for cleanup under the supervision of the Environmental Protection Agency and the MA Department of Environmental Protection; this land will be transferred to the SSTTDC as the property is released by the Regulatory Agencies
h. Hold back by Navy: 32 acres for future set aside for recreation land to the Department of the Interior
i. Hold back by Navy: 18 acres for economic development
j. Conveyance to Rockland: 2 acres to be set aside for recreational use

With the land conveyance in December 2012, the SSTTDC's function as a redevelopment authority has been limited to participation with the environmental regulatory agencies for those parcels of land that were not conveyed but required some type of environmental remediation. With the December 2012 transaction, the SSTTDC assumed the role more typical of a municipality.

The SSTTDC is a quasi - municipal entity and as such is required to provide a full range of municipal services including public safety, public roads, sanitation, water, sewer, health and social services, culture, recreation, education, public improvements, planning, zoning and general administrative services. The following services were commenced during FY2013 as there were residents on the site: public safety, public roads, sanitary storm drain management, water, sewer, health and social services, culture, recreation, education, public infrastructure maintenance and improvements. As of June 30, 2014, there were approximately 600 residents with 23 school age children. As a result, the Board of Directors funded these services during FY2014.

OTHER MATTERS OF NOTE

By the end of the 2010, two major projects had applied for and received building permits. The first was for a 216 unit apartment complex that had received a certificate of occupancy at the close of FY2012. The second permit was for an over 55 complex. The lender for this facility required a 75% occupancy commitment prior to receiving the funds to begin construction. Construction work for the second permit began in June, 2014. In addition, 35 residential units (condominium or town houses) had also received certificates of occupancy by the close of fiscal year 2013. As FY2013 closed, the Board of Directors had approved an additional 72 unit apartment complex. Both the 35 units and the 72 units were near completion on June 30, 2014. Occupancy permits for these 72 units were issued on July 14, 2014

The SSTTDC established its first tax rate in FY2009 but was not permitted to collect the tax by the MA Department of Revenue until fiscal year 2010. As a result, Management's historical analysis commences with FY2009.

Health care costs for the SSTTDC remained stable as health insurance premiums were not increased during FY2014.

ACCOUNTING SYSTEM

The SSTTDC's new accounting system was implemented in the last quarter of FY2011 and was organized and operated using funds and account groups. The chart of accounts, accounting, and financial reporting policies of the SSTTDC conform to the Generally Accepted Accounting Principles ("GAAP") and reporting standards promulgated by the Governmental Accounting Standards Board ("GASB") and the Massachusetts Department of Revenue - Bureau of Accounts, as well as the reporting requirements for the Department of Elementary and Secondary Education. Budgetary control is centralized and enforced on a statutory accounting basis. Statutory accounts are maintained on a departmental level and consist of the following categories: salary, overtime, departmental expenses, and capital expenditures. Within each category expenses are accounted for on a line item basis, the Chief Executive Officer is authorized to transfer sums between line items within a category.

Open encumbrances are reported at the end of FY2014 as reservations of fund equity. The total general fund encumbrances as of June 30, 2014 were approximately $24,500 the vast majority of which was for payments to contract vendors for services rendered during June 2014.

All capital asset expenditures placed in-service or for which the SSTTDC expended funds but were not placed in service during FY2013 were added to those shown in the FY2014 end of year financial statements.

The purpose of a Financial Policies and Procedures Manual is to document sound, easy to understand policies and procedures for the financial functions of budget administration, accounting, procurement, utility billing, assessing, treasury and collection. The final version was implemented in July of 2012. This manual is intended to be a usable, understandable guide to set forth policies and procedures in the context of the annual Massachusetts calendar cycle. The manual references MUNIS data entry, processing and reporting that are related to effective implementation of a specific policy or procedure. Given the limited staffing patterns, the process is especially important in an attempt to insure a form of internal controls.

CASH MANAGEMENT

Quarterly billing of real estate and personal property taxes coupled with monthly water and sewer utility billing has permitted the SSTTDC to operate on its cash flow.

Investment options are governed by MGL and are limited by liquidity needs. Temporary idle cash was invested in money market accounts and savings accounts. These investments yielded an average rate of return of .75%. All of our institutions with which we do banking have been rated by Veribanc as "green with three stars". These ratings are reviewed by staff on a semi-annually basis. A policy regarding the type of investment and the institutions for those investments was implemented during FY2011.

RISK MANAGEMENT AND PRIORITIZATION

Evaluating the risks relative to the achievement of the SSTTDC's statutory objectives facilitates the allocation of resources as necessary to manage these risks and best achieve the stated objectives. An analysis was requested by the State Auditor's Office during FY2012 and that said analysis is updated when practicable. Some elements of that analysis are included in the following topical discussions. Also included, where appropriate, is a discussion of the new enabling law signed into law by the Governor on August 20, 2014.

Insurances

The SSTTDC purchases general liability coverage through the Hanover Insurance Company. Hanover Insurance Company has an A - A.M. Best Rating. Coverage includes property, general liability, crime, boiler & machinery, automobile and an umbrella liability which insures its property for fire, theft and natural disaster and claims for personal injury. A limit of Liability has been set at $10,000,000 per occurrence under the umbrella policy. There is no deductible under the general liability policy. The automobile policy contains a $1000 deductible.

In addition to the foregoing, the SSTTDC has obtained Worker' Compensation coverage with a bodily injury limit of $500,000. The SSTTDC has earned a merit ratio of .95.

Directors and Officers policy is a claims-made policy with $1,000,000 limit of liability.

The SSTTDC provides medical insurance coverage to employees and retirees through Mayflower Municipal Health Group who also insures Plymouth County Retirees. The SSTTDC pays 75% of the health insurance premiums and 50% of dental insurance.

The SSTTDC is insured for unemployment compensation through a Massachusetts state agency. The SSTTDC carries a short term and long term disability policy on all of its employees; these policies are in place of a sick leave bank.

The SSTTDC is insured for environmental hazards. Schedule of Insured Properties: FOST 1 and 2, former Naval Air Station South Weymouth, South Weymouth, MA, as delineated by 1) deeds (for FOST 1 and FOST 2, respectively), Department of Navy Contract No. N62472-03-RP-0059, between the United States of America, acting through the Secretary of the Navy and South Shore Tri-Town Development Corporation, dated 5/15/03, and 2) Deeds (for FOST 1 and FOST 2, respectively), between the United States of America, acting by and through the National Park Service and South Shore Tri-Town Development Corporation, dated 5/15/03. Strip of land for construction access road near Blvd. 82, former Naval Air Station, South Weymouth, MA, as identified on Kimberly-

Horn and Associates, Inc. definitive subdivision plan dated July 26, 2007. East/West Parkway as shown on East/West Parkway Site Control - Phase I (Site Plan). The coverage extends to $10 million per occurrence. Defense costs included in the loss and reduce the applicable limits, except for reasonable expenses incurred by Insured at the company's request to assist in the investigation or defense of the claim, including actual loss or earnings up to $500 a day because of time off from work; not exceeding $5,000.

In addition, during FY2013 the SSTTDC undertook an analysis of certain factors that might present an obstacle for the project to complete Phase One and commence Phase Two under the Reuse Plan adopted by the three Towns in 2005. What follows is an analysis of the three most troubling obstacles to achieve the objectives found in Phase One of the Reuse Plan.

PRIORITIZATION TOP THREE RISKS

The top three risks identified for this project as High Impact are: Revenue and Budgetary considerations for SSTTDC, Water & Sewer and The East-West Parkway. Revenue has been divided into two sections: Required Uses of Revenue and Other Uses of Revenue.

BUDGETARY CONSIDERATIONS

Required Uses of Revenue

Infra-Structure Land Assessment Bond

South Shore Tri-Town Development Corporation issued the Series 2010A Infrastructure Development Revenue Bonds in the amount of $12.55 million of a $15 million bond authorization on August 9, 2010 (the “Bonds”). The Bonds are secured by assessments and pledged revenues levied on each parcel of assessed property. The assessments have been imposed upon the real property within the boundaries of the SSTTDC and are limited to those properties transferred under FOST 1 and FOST 2 (June, 2006 Conveyance). The assessments are equal to the interest and principal on the Bonds and estimated administrative expenses related to the bonds. The assessment roll is updated each tax year. This is the first such bond authorized in the Commonwealth of Massachusetts.

The first payment for which assessments are to be collected under the bond is due on August 1, 2012 (FY2013) as reserves were held by a third party for the semi-annual debt service for FY2011 and FY2012. The SSTTDC has pledged up to 35% of the real property tax revenues generated for those properties located within FOST 1 and 2.

In FY2013, the SSTTDC was required to raise $486,313 for the purpose of paying the dedicated tax revenue for the Infra-structure Bond -- FY2013 liability to be paid on July 1, 2013 (FY2014). This is in accord with the Municap calculations submitted for approval by the Board on November 9, 2013 and is consistent with the Indenture executed by the Board of Directors in FY2010. It is worthwhile to note that the FY2014 calculation is based upon a 25% ‘pledge of RE tax revenues’. In FY2015 the amount may increase to 35% under the terms of that Indenture.

The FY2014 assessment, in accord with the Bond Agreements, was incurred only on those owners of unimproved land as of January 1, 2013. The Total Special Assessment was $535,000. There was a 100% collection rate during FY2014.

This liability will continue until FY2040. The risk associated with this debt issuance presents two identifiable impacts:

a) Reduces the available tax revenue for future bond issuances and/or operational expenses.

b) The required special assessment may elevate real estate taxes to levels greater than those property owners so levied as compared to those taxpayers in surrounding towns who own similar sized parcels of land.

New Legislation and Impact on Land Assessment Bond (2010A)

The new legislation requires the Towns to collect all tax revenues and the special assessment for the funding of this bond. The starting date is unclear. In addition, within 30 days from the close of each quarter the Towns are required to remit the collected funds to the SSTTDC for payment of this bond. The practical effects of this language are yet to be determined but may pose an issue, over time, with respect to the timely payment of said bond.

Parkway Bond

The SSTTDC, utilizing a quasi-grant from the Commonwealth of Massachusetts, began construction on the East West Parkway in 2010. Below is presented a synopsis of the key terms of the Amended and Restated Memorandum of Agreement for the Implementation of Transportation Improvements for the Redevelopment of the South Weymouth Naval Air Station (the "Implementation MOA"), dated March 4, 2010, by and between the Massachusetts Department of Transportation ("MassDOT") and South Shore Tri-Town Development Corporation ("SSTTDC"). In brief, the SSTTDC is required to demonstrate to the Commonwealth that sufficient New State Revenues have been generated on site so as make the Parkway Bond debt service revenue neutral. If a difference exists between the annual debt service payment and the calculation for New State Revenues, the SSTTDC has guaranteed payment of the difference.

Detailed Discussion on the East West Parkway:

The Parkway is a vital component to the entire project. It is not only a source of transportation, but also affects the commercial development of the project. Fortunately, the first phase of the Parkway was completed as of August, 2013. However, financing for the final phase has not been identified. If due to the lack of a funding source and the Parkway incurs setbacks, the ripple effect will undoubtedly be detrimental to the project especially for commercial developers.

Currently, there is approximately $45 million invested in the Parkway with an estimated total cost as high as $90 million. The $90 million can be attributed to improvements planned for the area surrounding the existing MBTA station and moving the Coast Guard Buoy Station to another location. Improvements there range from additional parking to the construction of a flyover bridge. It should also be noted moving of the existing buoy station has dramatically increased the cost of this project.

Aside from construction of the Parkway, improvements to Route 18 and existing Town roads are also a requirement to be completed by the end of Phase One under the current Reuse Plan. Route 18 is already identified as a high traffic road due to its hourglass-like layout, but the construction improvements will intensify this. This is a cause for concern mainly to residents of surrounding towns as their everyday commute to and from work may be in jeopardy. Business owners may also struggle with road improvements as they have the potential to inhibit access to their location. In anticipation of this risk certain precautions should be taken.

The commercial aspect of the project is influenced by the Parkway mainly for ease of access. Currently, SSTTDC has one road in and out of the development which is a cause for concern for commercial developers. The entire Parkway, when finished, will help attract commercial interest as workers would have easy access to employment and the developer will have easy access to commercial markets.

Currently, as each Phase contains commercial development and failure to have commercial entities on site will stall developmental phases. In addition, the lack of commercial space will negatively impact SSTTDC's tax revenue as commercial tax revenue is anticipated to raise approximately 66% of all tax revenues. As a result, failure to attract commercial developers places the Parkway as having a high impact on the overall success of the project.

It is evident the Parkway poses substantial risks. SSTTDC must focus on acquiring financing for the Parkway and finish what is essentially half completed. With financing, the Parkway can be completed. The SSTTDC must then insure that off-site road improvement can also be achieved. The completion of the Parkway will be a significant factor in determining the future success of SSTTDC.

Parkway Summary:

- Completion is a vital factor in transportation and commercial development.
- Currently: $45 million invested; renovations still needed to Route 18, MBTA Station, possibly relocation of Buoy Station, and Parkway road completion Trotter Road.
- Effects: Failure to complete Parkway will likely result in slowed, if any, sale of commercial land.

Parkway Deficiency Payments

Generally, the annual MA General Obligation for the Parkway debt service payment is approximately $1.9 million. This amount forms the baseline in the calculation for new state revenues. The difference between the debt service payment and the annual calculation for new state revenues generates any parkway deficiency. All parkway deficiencies must be certified by the MA DOR.

The FY2011 deficiency payment certified by the MA DOR in accord with the Agreement was $756,978 as was based upon FY2010 construction. The SSTTDC, by agreement with the Secretary of Administration and Finance was required to make the deficiency payment by June 30, 2013.

For Fiscal Year 2012, a deficiency was certified by MA DOR. Based upon FY2011 construction values of $59,254,086, new state revenue yielded $1,642,530 with a deficiency of $232,970 to be paid by June 30, 2014.

For Fiscal Year 2013, a deficiency was certified by MA DOR. Based upon FY2012 construction values of $9,379,636, new state revenue yielded $497,197 with a deficiency of $1,375,128 to be paid by June 30, 2015.

As there was little construction at Southfield during FY2014, the same trend for a seven digit deficiency in new state revenues is anticipated for FY2015 and must be paid in FY2016.

However, despite being offered to make payments for each of these deficiencies, the Assistant Secretary of Administration and Finance asked the SSTTDC to ‘hold’ off sending the checks. As a result, the payments due in FY2013 and FY2014 are being held the SSTTDC.

In addition, the SSTTDC is required to convey to the Commonwealth the total sum of $500,000 as security for payment. As of the date of this writing, the funds held by the Commonwealth total $290,093. This reserve is being requested to be applied to the FY2011 deficiency payment (See Below).

Parkway Reserve

On December 27, 2012, South Shore Tri-Town Development Corporation (“SSTTDC”) and LNR South Shore, LLC (“LNR”) requested that the Commonwealth consent to the release of the financial security posted by SSTTDC and LNR as a condition of the Commonwealth’s issuance of the Parkway Bonds pursuant to the Amended and Restated Memorandum of Agreement on Financing for the South Shore Tri-Town Development Corporation’s Parkway dated March 4, 2010, as amended by the First Amendment thereto dated June 15, 2010 (the “First Amendment”). SSTTDC and LNR also requested confirmation that each entity shall have no obligation for any shortfall in annual new state tax revenue required to meet debt service costs for fiscal year 2013 or beyond.

As reasons for this request, the SSTTDC cited section 6(c) of the First Amendment of the MOA that states that SSTTDC will have no obligation to maintain a $500,000 cash reserve (the "Cash Reserve") and LNR will have no obligation to maintain its $1 million letter of credit (the "Letter of Credit") for purposes of the payment of any actual shortfall in annual new state tax revenue required to meet debt service costs for fiscal year 2013, provided the following conditions are met:

1. LNR conveyed land at SouthField to developers obligated to construct no fewer than 100 residential units having a sales value of not less than $30 million by June 30, 2011; ***or***

2. LNR conveyed land at SouthField to developers obligated to construct no fewer than 200 residential units having a sales value of not less than $60 million by June 30, 2012; ***and***

3. On or before December 31, 2012, the Chief Financial Officer of LNR (or its parent company) delivers to the Commonwealth a certification under penalty of perjury that LNR's parent holding company has a tangible net worth equal to or greater than $200 million dollars, together with certified copies of the most recently issued financial statements for such entity prepared in accordance with GAAP evidencing such minimum net worth.

Condition #1 was met with the April 28, 2011 sale of 6.07 acres of land at SouthField to John M. Corcoran & Co. LLC for the construction of 226 multi-family apartment units. The collective sales value of these units is well in excess of the required $30,000,000 ($132,743.36 per unit). The sales value of these units is [certified construction cost as defined in building permit = $27,389,893 plus the land sale of $6,780,000] $34,169,893. Condition #3 was met with the submittal of a certified accounting of the LNR's financial statements.

As SSTTDC and LNR had met the conditions set forth in Section 6(c) of the First Amendment, they requested the Commonwealth to release the Cash Reserve and Letter of Credit and written confirmation that SSTTDC and LNR have no obligation for any shortfall in annual new state tax revenue required to meet debt service costs for fiscal year commencing in FY2013. The SSTTDC amount in controversy is $290,093.

During a July 10, 2014 conference call with MA Administration and Finance Undersecretary, Scott Jordan, the Undersecretary verbally agreed that the reserves should be released and the amount of $290,093 should be applied to the FY2011. However, written confirmation of that determination/conversation has not been received by the SSTTDC as of the date of this writing.

<u>Summary of Parkway Deficiency Payments as a Risk to the SSTTDC Operational Budget</u>

The risk for having to annually accommodate deficiency payments is apparent given the fact that the SSTTDC may not have sufficient revenues to make capital contributions to its infrastructure or to fully fund its operating costs including but not limited to payments to the Towns for the provision of municipal services. The clear language of the Agreement states that "the SSTTDC shall annually ensure that it has sufficient revenues to make any such required Deficiency Payments …. (See section 5(c) of the Agreement).

If construction continues to lag behind the projections articulated in the Parkway Bond issuance, then revenues will be diverted to payment of these obligations rather than investing in constructing roads and water and wastewater systems as required under the Reuse Plan (see section IV Infrastructure Improvements). Failure to achieve the goals of infrastructure improvements in Phase 1 will prohibit transition into Phase 2 of the redevelopment as required under the Reuse Plan and thereby delaying the four year time line for Phase 1 established under the Reuse Plan.

New Legislation and Impact on the Parkway Completion

Included in the new legislation, is a provision contained in Section 34 that the Secretary of Administration and Finance in conjunction with the Secretary of Housing and Economic Development **may** negotiate an amendment to the Parkway Agreement whereby deficiencies for the years 2013 through 2018 may be deferred until the beginning of fiscal year 2019. Deficiencies for those years may be extended to additional fiscal years if it is determined that the deferral is fiscally responsible and serves the public interest. However, each year a Parkway Deficiency must be calculated in accord with the Memorandum of Agreement. The practical effects of this language especially as it relates to tax rate setting are yet to be determined.

Overall Issues

It is evident the Parkway Agreement poses substantial risks to the financial stability of the SSTTDC as the SSTTDC must focus on acquiring financing for the Parkway and finish what is essentially ¾ completed. With financing, the Parkway can be completed. The SSTTDC must then insure that off-site road improvement can also be achieved. The completion of the Parkway will be a significant factor in determining the future success of SSTTDC.

Parkway:

- Vital factor in transportation and commercial development
- Currently: $45 million invested; renovations still needed to Route 18, MBTA Station, possibly relocation of Buoy Station, and Parkway road completion Trotter Road
- Effects: Failure to complete Parkway will likely result in slowed, if any, sale of commercial land
- Lack of commercial enterprises at SouthField will result in large deficiency payments to the Commonwealth that will have a negative effect on the operational budget for the SSTTDC.

Other Sources of Revenue:

SSTTDC needs to be able to generate enough revenue to both remain operational and to finance necessary phasing requirements. As soon as its revenue begins to fall under certain estimates, its ability to continue financing essential capital projects will come into question. Since SSTTDC is a unique entity, its revenue stream centers on three main sources of revenue:

a. Taxes,
b. Entitlement fees (to a maximum of $4M that is due to be reached during FY18),
c. Building permits.

Through FY2014, building permit fees and real estate taxes comprised the majority of its revenue but this is mainly due to the fact that two large residential projects are in the process of being completed. If construction were to continue to lag behind projections, SSTTDC would be required to rely solely on its tax levy for support of its operations.

SSTTDC's reliance on a few sources of revenue means that each category must remain consistent from year to year. For instance, entitlement fees and building permits will decrease as construction decreases; decreased construction will result in a lower or no 'new growth' tax revenues. Since financing for capital projects plays a large role for infrastructure improvements anything that adversely impacts these sources of revenue is clearly identified as a risk.

The flow of new commercial projects will keep a steady stream of building permit fees and tax revenue to finance the infrastructure needs of the SSTTDC. New residents and commercial vendor's yields increased tax revenue that will allow for increased debt service costs within the operating budget of the SSTTDC. Commercial projects will also minimize, if not eliminate, the need budgeting any parkway deficiency as job creation is the strongest component in the calculation for the Parkway Deficiency.

New Legislation and Impact on Entitlement Fees

The proposed new legislation requires that the master contract (known as the DDA) between LNR and the SSTTDC be renegotiated. Included as a provision within the DDA, the master developer is required to pay an entitlement fee for each parcel of land sold by LNR up to a total of four million dollars.

Under this contractual agreement with LNR, LNR is required to make certain payments in accord with that agreement and its development schedule. The future of these payments is uncertain given the new legislation.

New Legislation and Impact on Inspectional Fees and Services

The new legislation requires that each of the three towns assume all typical municipal services as of January 1, 2015. However in another section of the new legislation it states: “each town’s inspectional services department will be responsible for issuing and enforcing building permits and certificates of occupancy for construction activities occurring within the respective town’s borders”. There may be a conflict with respect to these two sections. Regardless, the result will be a smaller revenue budget for the SSTTDC for such services. However, the practical effects of this language are yet to be determined.

FY2014 BUDGET

It is obvious that the SSTTDC needs to reserve any funds available after ordinary and necessary expenses are paid for. Excess revenues are available only after SSTTDC has met its own operational expenses and to reserve for required infra-structure improvements as well as deficiencies calculated for the Parkway Bond.

Education expenses during FY2014 slightly increased over the amount paid in FY2013. This expense includes both tuition (both regular day and special education programs) and transportation for all school-age children. It is directly related to the number of students living on site. Currently, there are approximately 23 school age children attending Weymouth Public Schools. The SSTTDC is obligated to make payments to Weymouth for providing that education. However, for the first time, the SSTTDC became eligible to receive Chapter 70 reimbursement that totaled $51,000 during FY2014 and offset some of those costs.

Revenue and expenses are an obvious risk for any enterprise. It is a heightened risk for SSTTDC because if entitlement fees and building permits are not collected, taxes become the sole source of revenues. Given that revenues are committed to debt service and the Parkway ‘clawback’, then operational expenses will be adversely impacted.

Without sufficient revenues, the SSTTDC’s ability to borrow funds for required infrastructure improvements is severely hampered. Therefore, construction and project development for both commercial and residential components must continue at the **FY2012** rate to preserve the SSTTDC commitment to meet its defined goals under the Reuse Plan.

Revenue**:**

- Currently: SSTTDC relies on tax revenues, entitlement fees, and building permits as revenue sources. Taxes constitute roughly 2/3 of its revenue.
- Effects: Lack of the construction effort will result in lack of entitlement fee and building permit revenue. Revenues need to be conserved for contractual obligations for infrastructure needs; distributions to towns as

stated in Reuse Plan will severely hamper the project. Education is a rising expense that will affect available revenues.

Water & Sewer:

At the outset of this project, SSTTDC recognized that one of its main areas of concern would be Water and Sewer infra-structure. Water distribution and Sewer collection not only play a large part in the residential aspect of the project, but are also needed to support the overall construction process.

Under both the Reuse Plan and the Final Environmental Impact Report (FEIR), certain Water and Sewer requirements must be met before the project may proceed from Phase One to Phase Two of development. Whether it is an off-site or on-site solution, securing permanent sources for these two utilities would alleviate a major hurdle in the project. These permanent sources must be able to support SSTTDC's estimated 1.3 million gallons per day of flow. Currently, under a temporary water and sewer Agreement with the Town of Weymouth, SSTTDC has secured sufficient resources for Phase 1.

Water and Sewer solutions are a high risk due to the fact that Water and Sewer affects several areas of the project. First, the fact that SSTTDC is currently operating under a temporary agreement may not provide potential commercial developers with the degree of comfort necessary for such a developer to invest in building at Southfield. The dependency on Weymouth not only fails to provide protection from pricing increases, but also if Weymouth's capacity is threatened, the flow to the SSTTDC may suffer in a drought situation. If Weymouth is required to reduce production, then this reduction may place SSTTDC in a position that it is unable to fulfill their obligations to its users. The resolution is to develop a sole source for each of these utilities. However, the cost for the infrastructure is estimated at nearly $70 million. Most likely, the source of funding such a project would be through the issuance of a bond. However, the SSTTDC must carefully consider the impact a bond of this size would have on its rate structure. A substantial increase in rates will yield a significantly higher rate than in surrounding Towns that may hinder future development from occurring.

When focusing on a wastewater collection system, it is important to note SSTTDC currently makes connection and mitigation payments to Weymouth. If there was a way to develop an on-site Sewer system at the same cost, rates may not be impacted to a significant extent. Fortunately, there is an on-site solution in the form of a septic-tank like structure for each 'neighborhood'. This solution would be able to be constructed in a short period of time thereby permitting achievement of one of its goals in a timely fashion.

New Legislation and Impact on Water and Sewer

The new legislation requires the DDA with the Master Developer to be renegotiated. Included as a provision within the DDA, the master developer is required to assume the obligation for a permanent water and sewer solution. The practical effects of this language are yet to be determined.

Respectfully submitted,

Kevin R. Donovan
Chief Executive Officer

FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Directors
South Shore Tri-Town Development Corporation
South Weymouth, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Shore Tri-Town Development Corporation, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Shore Tri-Town Development Corporation, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The transmittal letter is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, on our consideration of the Corporations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Corporations' internal control over financial reporting and compliance.

Powers + Sullivan, LLC

August 25, 2014

Management’s Discussion and Analysis

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The government-wide financial statements provide both long-term and short-term information about the Corporation as a whole. The fund financial statements focus on the individual components of the Corporation, reporting its operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Corporation's accountability. An additional part of the basic financial statements are the notes to the financial statements. The 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 Corporation's finances, in a manner similar to a private sector business.

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

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

The government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Corporation include general administrative services, professional services and pre-development site design and review. The Corporation's business-type activities include the water and sewer utility activities.

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 Corporation, 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 Corporation 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Corporation maintains several 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, Developer Deposit Fund, Multimodal Access Project Fund, Mass Highway Fund, Infrastructure Acquisition Fund, and East/West Parkway Fund, all of which are considered to be major funds. The remaining governmental funds are aggregated and shown as nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is available from the Corporation Accountant's office.

The basic governmental fund financial statements can be found in the accompanying pages of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Corporation uses an enterprise fund to account for its water and sewer activities.

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 and sewer operations.

The basic proprietary fund financial statements can be found in the accompanying pages of this report.

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

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 follow the basic financial statements described above.

General Government

The SSTTDC was created in 1998. However, it did not have a basis or authority to collect taxes until 2009 on the original transfer of 324 acres. It is generally accepted that municipalities have real estate taxing authority but in the case of the SSTTDC, it was slowed due to on-going negotiations with the Navy for the transfer of taxable land and the adverse economic conditions suffered by the Commonwealth of Massachusetts commencing in 2007. The Navy transfer of the 558 acres did not take place until December 2011 and was not included as a tax basis until FY2013.

Property Values

Real Estate property values in the SSTTDC are submitted annually by the Board of Assessors to Massachusetts Department of Revenue for certification in accord with MA General Law Chapter 59. Once certified, the Board of Assessors is able to determine the tax rate for the SSTTDC. The chart below reveals that property values increased. This is due to the construction of residential properties within the bounds of the SSTTDC. The transfer of properties known as FOST 3 through 6 occurred in December 2011 but was first included in the valuation for fiscal year 2013. A substantial increase in residential real estate valuation is seen in the chart below for FY2014 as a result of completion of construction for more than 200 residential units. A decrease in commercial property valuation was seen as a result of the reclassification of the "Eventide" over 55 communities from the Commercial Property section to the Residential Property classification. Personal Property taxes substantially increased as a direct result of the inclusion, for the first time, of DOR certified values for telecommunication equipment located with the SSTTDC jurisdiction.

The first year for property valuation was during fiscal year 2009, the first year the Massachusetts Department of Revenue approved the SSTTDC valuation methodology.

	Valuation by Taxable Property Class					
Class	**FY09**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**
Residential…………………	$ 12,642,800	$ 12,642,800	$ 13,131,835	$ 20,330,300	$ 47,720,900	$ 64,167,400
Open Space………………	1,809,800	1,809,800	1,809,800	500,800	2,542,500	2,542,500
Commercial……………….	35,106,400	35,106,400	35,938,865	35,467,300	60,268,800	57,923,700
Personal Property………..	19,000	19,000	19,000	53,000	3,363	1,776,905
Total Valuation……………	$ 49,578,000	$ 49,578,000	$ 50,899,500	$ 56,351,400	$ 110,535,563	$ 126,410,505

Tax Rate

Tax rates are set for the SSTTDC in a manner consistent with all other cities and towns within the Commonwealth of Massachusetts. Tax rates for the SSTTDC, like all municipalities, are approved by the Massachusetts Department of Revenue based upon all revenues including tax receivables. The Board of Assessors is required to calculate on the Commonwealth's tax recapitulation (RECAP) form all income and all authorized expenditures for a given year. This calculation yields a tax rate. The tax rates for the SSTTDC are listed below:

	As approved by the Massachusetts Department of Revenue					
Tax Rates	**FY09**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**
Residential…………………	$ 20.06	$ 11.78	$ 11.90	$ 12.89	$ 13.26	$ 13.47
Open Space………………	20.06	11.78	11.90	12.89	13.26	13.47
Commercial……………….	20.06	17.47	17.70	23.89	26.35	30.73
Personal Property………..	20.06	17.47	17.70	23.89	26.35	30.37

For year 2010, the Board of Assessors recommended and the Board of Directors approved a tax shift whereby the commercial taxpayers bear more of property tax burden than does the residential taxpayer. By so doing, the tax rate for the SSTTDC is more in line with that of the Town of Weymouth. It was determined that since the property being sold was located in Weymouth that this approach to the tax shift was reasonable. This practice continues. The SSTTDC did maximize its FY2014 levy limit under Proposition 2 ½.

By way of comparison, the following is a listing of the FY2014 tax rates for the surrounding Towns:

a. Abington: Residential and Commercial rate: $17.19
b. Hingham: Residential and Commercial rate: $12.56
c. Rockland: Residential and Commercial rate: $18.34
d. Quincy: Residential Rate: $14.86
   Commercial Rate: $31.23
e. Weymouth: Residential Rate: $13.30
   Commercial Rate: $21.70

New Legislation and Impact on Tax Rates

Included in the new legislation (Senate Bill 2347, is a provision contained in one section of the Bill that introduces the concept of a "Southfield tax rate" that is added onto the real estate tax rate for the town in which the property lies. In addition, the current tax plan is voided and a new tax plan must be negotiated with the State prior to the setting of an FY2015 real estate tax rate. The practical effects of this language are yet to be determined.

Tax Receivables

Once the Assessors receive approval for both values and a tax rate they calculate the tax bills for each taxable parcel. They then commit for collection those receivables. The table below presents the total committed receivables by year and by property class.

It is noted that the SSTTDC was not authorized by the Massachusetts Department of Revenue to collect taxes on the properties until fiscal year 2010. As a result, both the FY2009 and the FY2010 tax receivables were collected in FY2010. The SSTTDC collected 100% of all real and personal property taxes through fiscal year 2014.

The increase in personal property taxes is due solely to the fact that for the first time, telecommunications equipment was valued and authorized to be taxed by the MA Department of Revenue.

	Total amounts committed to the Tax Collector for Billing and Collections					
Tax Billings	**FY09**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**
Residential…………………	$ 253,614	$ 148,932	$ 156,289	$ 262,058	$ 632,779	$ 864,335
Open Space………………	36,305	21,319	21,537	6,455	33,714	34,247
Commercial……………….	704,234	613,309	636,118	847,314	1,588,083	1,779,995
Personal Property…………	381	332	336	1,266	89	54,604

New Legislation and Impact on Tax Receivables

Included in the new legislation (Senate Bill 2347), is a provision contained in one section that introduces the concept that the Towns will be responsible for collecting and then transmitting a portion of the collected back to the SSTTDC. In addition, the legislation calls for the SSTTDC to remit to the Towns certain real estate taxes “collected but unexpended”. The practical effects of this language are yet to be determined.

Abatements

Every taxpayer has the right to contest the certified values of his/her property. The taxpayer is required to file for abatement no later than January 31st of each year.

During FY2013, abatements were filed with the Board of Assessors by two entities: (1) LNR South Shore, LLC for approximately 70% of all property within the jurisdictional boundaries of the SSTTDC and (2) Rice Southfield, LLC who owns the land for the planned Life Care facility. As both owners own land with no buildings thereon, it is assumed that the issue will center on land valuation. There is $200,264 in the FY2013 Overlay for Abatements.

During FY2014, abatements were filed with the Board of Assessors by two entities: (1) LNR South Shore, LLC for approximately 70% of all property within the jurisdictional boundaries of the SSTTDC and (2) Rice Southfield, LLC who owns the land for the planned Life Care facility. As both owners own land with no buildings thereon, it is assumed that the issue will center on land valuation. There is $200,265 in the FY2014 Overlay for Abatements.

Both years are awaiting trial dates at the Appellate Tax Board.

Outstanding Tax Receivables

There were no Real Estate and Personal Property tax receivables outstanding at the end of FY2014.

GOVERNMENTAL ACTIVITIES

Highlights

During FY2014, approximately $1.4 million dollars were expended on capital items relating to the Multimodal Access Project, East West Parkway, minor infrastructure maintenance and equipment.

Governmental Activities

		2014		2013		2012		2011		2010		2009
Assets:												
Current assets………	$	6,545,884	$	6,856,969	$	8,100,361	$	4,673,767	$	1,409,310	$	883,653
Capital assets………		47,599,685		27,398,140		23,835,156		18,585,497		7,463,770		7,804,950
Total assets………		**54,145,569**		**34,255,109**		**31,935,517**		**23,259,264**		**8,873,080**		**8,688,603**
Liabilities:												
Current liabilities (excluding debt)………		3,532,023		2,872,200		3,305,995		1,186,502		771,053		790,668
Noncurrent liabilities (excluding debt)………		271,375		5,513		5,175		-		-		-
Noncurrent debt………		12,550,000		12,550,000		12,550,000		12,550,000		-		-
Total liabilities………		**16,353,398**		**15,427,713**		**15,861,170**		**13,736,502**		**771,053**		**790,668**
Net Assets:												
Net investment in capital assets………		35,049,685		14,848,140		11,285,156		6,035,497		7,463,770		7,804,950
Restricted………		454,502		457,974		816,464		1,922,371		-		-
Unrestricted………		2,287,984		3,521,282		3,972,727		1,564,894		638,257		92,985
Total net assets………	$	**37,792,171**	$	**18,827,396**	$	**16,074,347**	$	**9,522,762**	$	**8,102,027**	$	**7,897,935**

Noncurrent liabilities include a liability for Other Postemployment Benefits for the first time beginning in 2014.

Net Position

By far the largest portion of the SSTTDC's net position reflects its investment in capital assets (e.g., land, infrastructure improvements, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding. Although the SSTTDC'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.

Total Net Position reveals a $19.2 million increase. The increase is based upon the GASB-34 requirement to report new assets placed in service, including the East West Parkway – Rockland to Trotter Road which was contributed to the Corporation in August of 2013 in the amount of $20.5 million, along with the related depreciation expense. New asset groups included the acquisition and acceptance of public roads for a full year within the jurisdictional boundaries of the SSTTDC during the year.

Revenues and Expenses

	2014	2013	2012	2011	2010	2009
Program revenues:						
Charges for services	$ 256,301	$ 734,567	$ 1,254,633	$ 748,829	$ -	$ -
Operating grants and contributions	1,000	13,230	1,500	690,250	-	-
Capital grants and contributions	22,521,253	3,009,747	8,078,491	1,319,563	53,578	100,016
General Revenues:						
Real estate and personal property taxes	2,779,564	2,256,469	1,284,632	813,910	1,778,440	-
Entitlement fees	225,036	111,800	637,260	556,093	700,276	2,426,611
Special assessments	532,231	626,587	230,537	-	-	-
Fees, permits, and other revenue	60,880	315,926	38,329	72,966	23,803	117,547
Unrestricted investment income	27,588	27,359	26,450	12,497	2,174	3,462
Gain on the sale of capital assets	-	-	44,618	-	-	-
Total revenues	**26,403,853**	**7,095,685**	**11,596,450**	**4,214,108**	**2,558,271**	**2,647,636**
Expenses:						
Board of Directors	72,021	62,677	58,477	48,457	-	-
Chief Executive Officer	507,464	431,325	439,959	458,941	26,467	36,007
Finance	400,814	377,374	379,280	151,176	-	-
Unallocated payroll	-	-	-	-	429,216	373,894
Solicitor	162,285	102,333	515,364	143,823	50,143	170,770
Information systems	12,499	11,055	20,116	47,540	-	-
Planning board	180,613	185,364	172,208	351,456	-	-
Pension, benefits, and insurance	201,018	191,965	212,274	99,611	91,087	77,148
Education	330,215	306,338	-	-	-	-
Maintenance of buildings	71,150	23,945	82,336	67,132	-	-
Police and fire inspections	319,607	250,492	75,707	16,229	-	-
Building inspections	42,285	22,658	36,797	-	-	-
Department of Public Works	252,067	223,819	135,929	124,805	-	-
Parkway deficiency	1,375,325	260,897	729,093	-	-	-
Health services	-	382	91	342	-	-
Veterans	62	5,000	-	-	-	-
Route 18 improvements	626,553	585,089	1,051,436	-	-	-
Capital outlay	-	-	-	264,947	-	-
Debt service	972,625	949,094	692,167	609,721	-	-
Depreciation	1,692,931	352,829	348,130	425,370	60,173	59,072
Claims and judgments	-	-	-	-	30,250	-
Other	-	-	-	-	315,878	1,415,233
Total expenses	**7,219,534**	**4,342,636**	**4,949,364**	**2,809,550**	**1,003,214**	**2,132,124**
Excess before extraordinary items and transfers	**19,184,319**	**2,753,049**	**6,647,086**	**1,404,558**	**1,555,057**	**515,512**
Extraordinary item - credit issued to developer	**-**	**-**	**-**	**-**	**(502,434)**	**-**
Transfers	**11,528**	**-**	**(63,000)**	**16,177**	**45,639**	**151,662**
Change in net assets	**$ 19,195,847**	**$ 2,753,049**	**$ 6,584,086**	**$ 1,420,735**	**$ 1,098,262**	**$ 667,174**

Revenues

Collected tax revenues for Governmental Activities for FY2014 increased by approximately $523,000 from the FY2013 level of $2.3 million. The increase is due to the fact that construction had commenced in prior years and certificates of occupancy had been issued during 2013, therefore these properties had been added to the tax base calculation. The collection rate for all five years (FY09 through FY2014) was at or near 100%.

A parkway deficiency assessment was also charged to LNR, the Master Developer, in the amount of $375,686 under the terms of the Parkway Agreement (see below) for which LNR was a signatory. Under the terms of the agreement and as a result of a FY2013 deficiency in 'new state revenues' calculation, the SSTTDC was able to recover some of that deficiency through the means of an assessment that is based upon the value of commercial property. As LNR was the sole owner of commercial property during FY2013, it was the sole owner upon whom an assessment was made during FY2014. LNR had failed to make that payment.

In addition, under the terms of the 2010A Bond issued by the SSTTDC, certain lands in FOST 1 and FOST 2 are assessed to help pay the debt service. The total of the FY2014 assessment to land owners was $532,000 and was 100% collected as reflected in the Special Assessment revenue line item, certain refunds were made for overpayment in FY2013 thereby yielding the sum recorded in this line. This is a declining assessment over time.

Under its contractual agreement with LNR, LNR is required to make certain payments in accord with that agreement and its development schedule. Under the terms of the Agreement, the SSTTDC will receive fewer such annual payments over the life of the agreement. The payments from LNR are capped at four million dollars and are projected to run through FY2020. These fees continued as a result of the sale of land to the Corcoran Corporation for the construction of 72 housing units. However, under the terms of the new enabling legislation, the terms of this agreement are required to be renegotiated. The future of these payments is uncertain given the new enabling legislation.

Despite the foregoing, Fiscal Year 2014 revenues were sufficient to cover operating expenses.

<u>Expenses</u>

Operating expenses include depreciation, maintenance and repairs to capital assets and operating expenses associated with operations. The FY2014 approved budget was set at $6,574,276. Of that amount, $200,265 was approved for the FY2014 overlay for abatements account required under GL c. 59. In addition to the FY2014 approved budget, $129,000 was included as a carryover for FY2013 general fund encumbrances.

Snow removal required an additional appropriation of $65,100 due to extreme weather conditions during the winter of 2013-2014.

Personnel costs were approximately fifteen percent of the operating budget. More significant however was the dramatic decrease in the cost of governmental services provided by the SSTTDC. The increase in these expenses was due to the fact that the SSTTDC is now required to pay for typical governmental services to its residents such as: education, police, fire and public works. The SSTTDC renders these services via contract with the Towns of Abington, Rockland and Weymouth. The SSTTDC reimburses 100% of the costs associated with those services to the Towns.

<u>Depreciation</u>

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets in accordance with guidelines established by the Commonwealth. Depreciation expense increased compared to Fiscal Year 2013 due to certain depreciable assets being moved from ‘in progress’ to ‘in service’ during FY2014 and for depreciation taken on the portion of the East West Parkway – Rockland to Trotter Road that was contributed to the Corporation during the year. All of the assets were as a result of roadway improvements both on and off-site. In addition, these assets reflect the purchase in August of 2010 certain infrastructure improvements from LNR, the master Developer.

General Fund Budgetary Comparison

The Board of Directors established a program based budget.

REVENUES	Original Budget	Final Budget	Actual	Over/(Under)
Licenses, permits & fees……………………………	$ 495,000	$ 263,000	$ 393,105	$ 130,105
Intergovernmental……………………………………	-	-	51,667	51,667
Entitlement fees………………………………………	90,000	175,843	225,036	49,193
Investment income……………………………………	15,000	15,000	21,901	6,901
Real estate and personal property taxes………….	2,395,100	2,734,181	2,796,928	62,747
Tax liens………………………………………………	-	-	4,450	4,450
Special assessments……………………………….	500,000	920,000	532,231	(387,769)
Other revenue……………………………………….	10,000	10,000	9,213	(787)
Total…………………………………………………	$ **3,505,100**	$ **4,118,024**	$ **4,034,531**	$ **(83,493)**

Budgetary Revenues

Under the license, permit & fee line item, revenues were higher than those projected due to the fact that there was one major construction project permitted. The same is true for entitlement fees. Included in assessments are the special assessment for payment of the 2010A debt service and the so-called parkway deficiency payment. While all the revenues were collected for the debt service, LNR failed to pay its parkway deficiency assessment. This resulted in unanticipated drop in the collection of assessments. Tax revenues were higher as a result of the increase in the tax base and miscellaneous revenues.

EXPENDITURES AND TRANSFERS	Original Budget	Final Budget	Actual	(Over)/Under
Board of Directors……	$ 62,016	$ 77,016	$ 72,021	$ 4,995
Chief Executive Officer……	410,310	486,699	471,572	15,127
Reserve fund……	49,768	2,940	-	2,940
Finance……	374,590	472,721	410,067	62,654
Legal……	84,171	179,171	164,501	14,670
Information systems……	17,000	17,447	12,499	4,948
Planning board……	162,704	199,057	197,771	1,286
Pension, benefits and insurance……	205,000	206,425	200,596	5,829
Maintenance of buildings……	93,925	137,226	71,150	66,076
Education……	500,000	400,000	330,215	69,785
Police and fire services……	300,000	452,018	319,607	132,411
Building inspections……	65,000	65,000	42,285	22,715
Public works……	226,693	302,590	248,259	54,331
Parkway deficiency……	1,000,000	2,365,335	1,375,325	990,010
Health department……	1,000	1,000	-	1,000
Veterans……	5,000	5,542	62	5,480
Capital outlay……	31,200	31,200	-	31,200
Debt service interest……	972,625	972,625	972,625	-
Totals……	**4,561,002**	**6,374,012**	**4,888,555**	**1,485,457**
Revenues over (under) expenditures……	(1,055,902)	(2,255,988)	(854,024)	1,401,964
Transfers in……	-	-	481,146	(481,146)
Transfers out……	(150,264)	(37,562)	(37,562)	-
Revenues and Other Financing Sources/(Uses) Over (Under) Expenditures……	$ (1,206,166)	$ (2,293,550)	$ (410,440)	$ 920,818

Budgetary Expenditures

The chart above reveals a final budget of $6.6 million that includes transfers and FY2013 encumbrances rolled into FY2014. Several departments required additional funding during the course of the year, notably the public safety and public works portion of the budget as a result of increases in population and the resulting municipal services during the fiscal year. Finance required additional appropriations as a direct result of single audits required by the MBTA, the hiring of one part-time data entry staff member and expenditures related to FY2013 unpaid bills of $43,676. All expenditures, including encumbrances, came in under budget.

Overall, the expenditures for fiscal year 2014 were directly related to general government administrative activities. Included in this budget for the second year was an appropriation for inspectional services, public school and public safety.

Debt service was paid for by a special assessment on FOST 1 and 2 in accord with the 2010A Bond Issuance authorized as approved by the Board of Directors and pledged tax revenues (25% of the tax revenue generated from FOST 1 and 2).

For FY2014, the parkway deficiency line item has been included in this budget and represents approximately 20% of the budget. For FY2014, the deficiency was in the amount of $1,375,325 and was certified by the Massachusetts

DOR in accord with an MOA between the SSTTDC and the Mass Department of Transportation. The MA Department of Revenue required the SSTTDC to appropriate from this deficiency in order to obtain a FY2014 certified tax rate.

The difference between the original expenditure budget of $4.7 million and the final expenditure budget of $6.6 million was a result of increases in public safety, public works and reserves for the parkway deficiency.

General Fund Free Cash and Water/Sewer Retained Earnings

Free Cash is similar to the unassigned fund balance at the end of each year and represents those funds which were not expended by the SSTTDC. The SSTTDC annually petitions the Massachusetts Department of Revenue to certify that the SSTTDC has achieved a surplus and for permission to expend those funds during the succeeding year.

	FREE CASH & RETAINED EARNINGS			
Fund	**FY10**	**FY11**	**FY12**	**FY13**
General Fund…………………………	$ 380,135	$ 1,010,951	$ 1,654,836	$ 494,786
Water/Sewer Enterprise Fund…….	-	181,280	14,433	126,843

During FY2014, no expenditures from Water and Sewer Retained Earnings were authorized. No expenditures from the General Fund Free Cash were authorized. FY2013 was the first year the SSTTDC combined the water and sewer enterprise funds. This action was taken as a result of a recommendation from the Director of Accounts at the Massachusetts Department of Revenue. As a result, the retained earnings for the combined water and sewer enterprise fund are shown in the table above for the first time. As of the time of this writing, the FY2014 free cash and retained earnings calculations had not been certified by MA DOR.

STABILIZATION ACCOUNT

Two Stabilization Accounts have been established by the Board of Directors. Both were created in accord with General Laws chapter 40 section 5B. The total of these two accounts at the close of the fiscal year was $614,807. These two accounts were created for two different purposes. What follows is management's discussion of each account.

General Stabilization Account

As of the close of fiscal year 2014 there was a balance of $324,154 in that fund. Accrued interest was added to the fund. The Stabilization Account is held in a separate fund in accord with the statutes. Of the total balance starting the year, the Board of Directors reserved $447,118 for FY2014 operational expenses and more specifically to fund the FY2014 payment for the FY2013 2010A Bond Payment due on August 1, 2013. In addition, an expenditure of $22,500 was made during FY2014 to fund the repair of an on-site river weir.

General Stabilization Account	FY10	FY11	FY12	FY13	FY14
Balance forward………………	$ -	$ 78,021	$ 78,385	$ 550,810	$ 790,030
Transfers In……………………	177,842	-	472,000	486,313	-
Transfers Out…………………	(100,000)	-	-	(251,165)	(469,618)
Interest Income………………	179	364	425	4,072	3,742
EOY Balance…………………	$ 78,021	$ 78,385	$ 550,810	$ 790,030	$ 324,154

Other Postemployment Benefits (OPEB**)**

GASB Statement 45 requires state and local governments to begin reporting OPEB costs and obligations. This statement requires that the annual cost and liability associated with OPEB be computed and brought onto the governmental entity's books and records. The Board of Directors understood its responsibility with respect this pronouncement.

During fiscal year 2014, the SSTTDC undertook a study that complies with this reporting requirement. As the SSTTDC has fewer than 100 participants covered under the plan, it is eligible for the alternative measurement method of reporting.

The report includes the calculation for the Actuarial Accrued Liability (AAL) which is defined as the total projected liability for OPEB covered under the plan. The AAL calculation uses the data on active employees, employees who have left employment but who are eligible for retiree healthcare, current retirees and their beneficiaries and spouses who are eligible for the retiree healthcare benefit provided by SSTTDC.

Utilizing this approved methodology and an independent firm to perform the calculations, it was determined that the liability as of June 30, 2014 was $288,727. The SSTTDC Board of Directors established a separate stabilization fund (8373) in 2013 for the specific purpose of holding such funds. The Board of Directors deposited $37,562 into this fund during FY2014. The fund has a balance of $290,654 as of June 30, 2014.

OPEB Stabilization Account	FY13	FY14
Balance forward………………	$ -	$ 251,175
Transfers In……………………	251,165	37,562
Interest Income………………	10	1,917
EOY Balance…………………	$ 251,175	$ 290,654

<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>

<u>Enterprise Fund: Water & Sewer</u>

At the outset of this project, SSTTDC recognized that one of its main areas of concern is Water and Sewer infrastructure. Water distribution and sewer collection not only play a large part in the residential aspect of the project, but are also needed to support any commercial development at SSTTDC.

<u>Water and Sewer Enterprise Fund Budgetary Overview</u>

The SSTTDC supplies its customers with water and sewer disposal through the Town of Weymouth. In March, 2008, the SSTTDC through its Board of Directors entered in a Temporary Agreement with the Town of Weymouth that secures water and sewer through Phase One of the re-development of the former Naval Air Station as projected under the current Reuse Plan. In accord with that Agreement, the SSTTDC was required to pay certain conservation and mitigation payments to the Town of Weymouth. The Phase 1A payments were paid by LNR in May of 2012 at the time the Corcoran Project was beginning its permitting requirements under the approved Development Plan. This agreement however was only for Phase 1 construction.

The amount of the Phase1A mitigation payments are determined by the actual connections as evidenced by building permits. The first building permit application triggered the requirement that conservation fees be paid. With the granting of each building permit, the SSTTDC is required to make a sewer connection fee. The sewer connection fee is included in the calculation for building permit fee. The connection fees for FY2012 and FY2013 were paid in FY2014 and totaled $394,029.

The SSTTDC had adopted MGL c.44 section 53F ½ for water and sewer activities. Revenues produced by each activity are dedicated solely to offset operating expenditures. Accordingly, any excess balances at year-end must remain within the respective funds.

By the end of FY2012, the SSTTDC had authorized the use of a single fund for the water and sewer enterprise systems. The use of a single fund commenced in July, 2012 (FY2013). This change was prompted by the Bureau of Accounts making the suggestion in January, 2012.

The FY2014 budget did include allocated costs for salaries and other expenses. Over time, additional allocated costs will be assumed by the Enterprise Fund.

<u>Capital Assets</u>

The Water and Sewer Enterprise fund did not capitalize any new assets in FY2014 and recorded $986 of depreciation expense.

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<u>Water and Sewer Rate Structure</u>

During FY2014, the Board of Directors affirmed a rate system based upon the rates charged the SSTTDC by the Town of Weymouth. This rate structure passed the costs of water and sewer charges from Weymouth to the rate payer and accommodated a reserve line item and line items for allocated costs. The Board established a FY2014 rate structure for the enterprise fund that allows for administrative fees to be included in the charges and passed onto the rate payers.

The SSTTDC is viewed as a single rate payer and, as a result, is charged by the Town of Weymouth the so-called Second step rates (higher user). In addition to the Second Step rates, the SSTTDC pays a premium of five percent.

There are quarterly credits applied retrospectively to the Weymouth's bills to reflect those credits provided to condominiums owners in the Town of Weymouth.

Business-Type Activities

	2014	2013	2012	2011	2010	2009
Assets:						
Current assets	$ 425,160	$ 640,167	$ 432,727	$ 202,863	$ 81,335	$ 7,820
Capital assets	27,284	28,270	9,806	-	-	-
Total assets	**452,444**	**668,437**	**442,533**	**202,863**	**81,335**	**7,820**
Liabilities:						
Current liabilities (excluding debt)	78,655	446,911	382,019	202,863	81,335	7,820
Noncurrent liabilities (excluding debt)	23,098	-	-	-	-	-
Total liabilities	**101,753**	**446,911**	**382,019**	**202,863**	**81,335**	**7,820**
Net Assets:						
Net investment in capital assets	27,284	28,270	9,806	-	-	-
Unrestricted	323,407	193,256	50,708	-	-	-
Total net assets	**$ 350,691**	**$ 221,526**	**$ 60,514**	**$ -**	**$ -**	**$ -**
Program revenues:						
Charges for services	$ 705,134	$ 448,015	$ 139,226	$ 414,257	$ 242,731	$ 176,460
Connection fees	78,023	52,009	189,405	-	-	-
General Revenues:						
Unrestricted investment income	2,060	3,227	-	-	-	-
Total revenues	**785,217**	**503,251**	**328,631**	**414,257**	**242,731**	**176,460**
Expenses:						
Water	-	-	72,501	88,436	10,575	-
Sewer	-	-	258,616	292,857	15,262	-
Water and sewer	624,431	342,239	-	-	-	-
Facilities leases and licenses	-	-	-	16,787	171,255	24,798
Total expenses	**624,431**	**342,239**	**331,117**	**398,080**	**197,092**	**24,798**
Excess (Deficiency) before transfers	**160,786**	**161,012**	**(2,486)**	**16,177**	**45,639**	**151,662**
Transfers	**(11,528)**	**-**	**63,000**	**(16,177)**	**(45,639)**	**(151,662)**
Change in net assets	**$ 149,258**	**$ 161,012**	**$ 60,514**	**$ -**	**$ -**	**$ -**

Revenue and Expenses

There was a significant increase in residents with the jurisdictional boundaries during FY2014, as a result, most of the water and sewer usage was due to the needs of those residents.

The Water and Sewer Enterprise Fund is charged with the responsibility of maintaining and improving the SSTTDC's water distribution and sewer collection system which terminates at the MRWA facilities in Deer Island. The charges levied by the Town of Weymouth for providing water and sewer services during FY2014 were $489,959, a 48% increase over the prior year.

By the end of the year, the Enterprise Fund had an unexpended balance of $323,407 in its Unrestricted Net Position. There is an obligation to pay the Town of Weymouth for FY2014 connection fees to be paid in FY2015 of $78,023 in sewer connection fees. The sewer connection fees are mandated in the March 2008 agreement with the Town of Weymouth.

A transfer out of $11,528 was authorized for the payment of FY2013 unpaid bills.

FY2014 encumbrances carried into FY2015 were $633 for professional services.

DEBT

Debt Administration

The SSTTDC authorized $15.275 million in bonds during the closing months of year 2010. Of that amount, $12.55 million was issued during FY2011. Proceeds from the bonds were utilized for expenditures related to the purchase of various infrastructure improvements from LNR (see below). In addition, the SSTTDC authorized a note in the amount of $10 million (assigned to LNR) for the purpose of purchasing the remaining Navy Land. This note is secured by a letter of credit offered by LNR. Under a contractual agreement with LNR, the Master Developer, LNR assumed the debt obligation. The SSTTDC is secured by a 6 acre portion of land that abuts the parkway. Together, the Letter of Credit plus the value of the mortgaged property, exceeds the outstanding obligation.

Bond Rating

None.

INFRASTRUCTURE BOND

South Shore Tri-Town Development Corporation issued the Series 2010A Infrastructure Development Revenue Bonds in the amount of $12,550,000 on August 9, 2010 (the "Bonds"). The Bonds are secured by Assessments and Pledged Revenues levied on each Parcel of Assessed Property. The Assessments have been imposed upon the real property within the boundaries of the SSTTDC and are limited to those properties transferred under FOST 1 and 2 (June, 2006). The Assessments are equal to the interest and principal on the Bonds and bonds expected to be issued in the future and estimated administrative expenses related to the bonds. The Assessment Roll is updated each Tax Year. There was no Assessment for FY2011. This is the first such bond authorized in the Commonwealth of Massachusetts.

The first payment for which assessments are to be collected under the bond was due and paid on 8-1-12 (FY2013) as reserves were held by a third party for the semi-annual debt service for FY2011 and for FY2012. The SSTTDC has pledged up to 35% of its FY2013 tax revenues for properties included in FOST 1 and 2 for this debt service. The first special assessment was raised on property owners within FOST 1 and FOST 2 in FY2013. Furthermore, the assessment, in accord with the Bond Agreements, was assessed on only those owners of unimproved land as of January 1, 2012. The Total Special Assessment was $535,000. There was a 100% collection rate during FY2014.

CONTINGENT LIABILITY

Parkway Bond

The SSTTDC, utilizing a quasi-grant from the Commonwealth of Massachusetts, began construction on the East\West Parkway. The following is a brief synopsis of the key terms of the Amended and Restated Memorandum of Agreement for the Implementation of Transportation Improvements for the Redevelopment of the South Weymouth Naval Air Station (the "Implementation MOA"), dated as of March 4, 2010, by and between the Massachusetts Department of Transportation ("MassDOT") and SSTTDC.

This summary is not intended to be a complete description of all the terms and conditions of the Implementation MOA, and the terms and conditions of the Implementation MOA shall be controlling in the event of any legal issue arising under the Implementation MOA.

1. The Implementation MOA addresses the procurement, permitting, design, right of way acquisition, construction and operation of the Parkway and the East Side Connectivity Improvements.

2. Once completed, the portion of the Parkway within the Base will be owned and maintained by SSTTDC and the portions of the Parkway outside the Base will be owned and maintained by the respective Towns. The portion of Route 18 to be widened between Route 3 in Weymouth and Route 139 in Abington will continue to be owned and maintained by the Commonwealth.

3. MassDOT will be primarily responsible for the Route 18 Widening Project and will use best efforts so that the Route 18 Widening Project will be completed and open to traffic no later than June 30, 2015.

4. The Parkway Project will be delivered in at least 2 phases. SSTTDC is primarily responsible for Phase 1 and has used its best efforts so that Phase 1 was declared substantially complete as of August, 2013. MassDOT will assist SSTTDC by providing over-the-shoulder design, right of way acquisition and procurement review for Phase 1. SSTTDC will also be primarily responsible for Phase 2 and the East Side Connectivity Improvements. MassDOT will assist SSTTDC by providing over-the-shoulder design review and right of way acquisition for Phase 2 and the East Side Connectivity Improvements.

5. MassDOT will spend up to $15 million for the procurement. If the costs for such portion of Phase 1 were to exceed $15 million, *SSTTDC* would be responsible for any excess costs, unless caused solely by acts or omissions of MassDOT or its contractor. Costs to date have not exceeded the $15 million.

6. MassDOT will undertake the abatement, removal and disposal of asbestos-containing materials (ACM) in Hangar 1 as part of its portion of Phase 1. In other respects, *SSTTDC* indemnifies MassDOT regarding ACM and other hazardous materials and agrees to name MassDOT as an additional insured on environmental insurance policies related to the Parkway Project.

7. The MOA addresses efforts to coordinate work between the portion of Phase 1 to be constructed by SSTTDC and the portion to be constructed by MassDOT.

8. The MOA addresses the use of Federal Funds for portions of the Parkway Project. The Delahunt Earmark will be used for the Route 18 Widening Project and the Kennedy Earmark will be used for the South Weymouth Multimodal Center and, if available, for SSTTDC's Phase 1 Parkway Project. The parties shall enter into a separate agreement regarding the design and reconstruction of the South Weymouth Multimodal Center. Federal funds are being directed and spent by MassDOT and do not flow directly through SSTTDC.

9. The MOA requires that the redevelopment of the NAS will generate annual New State Tax Revenues (by definition calculated as total sales taxes, personal income tax and hotel tax revenues generated by development at SSTTDC) will be at least 1.5 times greater than the annual Debt Service Costs of the Parkway Bonds.

10. If the cumulative amount of New State Tax Revenues received in any fiscal year is less than the debt service for the Parkway Bond, the SSTTDC is required to make a Deficiency Payment to the Commonwealth of MA in order to reimburse the Commonwealth for the portion of the Debt Service Costs not covered by the New State Tax Revenues. This contingent liability will exist annually for the life of the issued bond.

The debt service payment for FY2014 was just less than $1.9 million. The Massachusetts DOR (DOR) has certified a deficiency for fiscal year 2013 in the amount of $1,375,128. The DOR has required that said amount be provided for during FY2014 despite the fact that the SSTTDC has filed for an appeal in accord with the MOA and the agreement itself states that the payment is due in 2015.

In addition, the SSTTDC is required to convey to the Commonwealth the total sum of $500,000 as security for payment. As of the date of this writing, the funds held by the Commonwealth total $290,093. Under the various agreements, upon the transfer of FOST 2-5, the SSTTDC is required to immediately assess the taxes on those properties transferred to LNR. The assessed taxes once paid are to be turned over to the Commonwealth in such amounts as to meet the $500,000 obligation to the Commonwealth. This reserve is being requested to be applied to the FY2011 deficiency payment.

Notwithstanding the foregoing, the following checks were written but not turned over, at the request of the Undersecretary of Administration and Finance to the Commonwealth to cover all Parkway Deficiency contingences during FY2014. On a cash basis, they have been recorded as outstanding checks. In this financial statement they have been added back into cash and are shown as a liability:

a. $290,093 in the event the Secretary of Administration and Finance requires payment of additional sums for the reserve
b. $1,375,128 for the FY2013 parkway deficiency payment
c. $232,970 for the FY2012 parkway deficiency payment. It should be noted that in the event that this payment is not required by the Secretary of Administration and Finance, the total amount is to be refunded to LNR in accord with a written agreement with the SSTTDC dated April 26, 2013 as ALL of these funds were paid by LNR for the sole purpose of paying their liability under the Parkway Agreement.

Retirement Board

The SSTTDC is a member of Plymouth County Retirement Association that is comprised of a five member Board of Directors who manages the pension trust fund. The Association has the fiduciary responsibility for fund assets. Membership in this system is mandatory for all employees whose workweek consists of 20 or more hours for the SSTTDC. The fund is accounted for on a calendar-year basis.

The Retirement Board takes an active role in the management of the vast majority of its funds. As of December 31, 2013, the retirement board issued an annual statement. The plan assets of the retirement board had a market value of $811 million. The Board of Directors estimated that as of January 1, 2013 it had an unfunded actuarial accrued liability of $653 million. As of June 30, 2014, the Plymouth County Retirement Board utilized a 2029 funding schedule.

Claims

As stated above, LNR is required to make certain payments to the SSTTDC for its share of any parkway deficiency. This is a required payment under the Amended and Restated Memorandum of Agreement on Financing for the SSTTDC Parkway dated March 2010. LNR failed to make its FY2014 payment (as disclosed above). Based upon this fact, the SSTTDC voted to terminate LNR as the Master Developer. LNR has responded that it did not accept that there were grounds for termination under Development and Disposition Agreement executed by LNR and the SSTTDC. LNR requested that the SSTTDC rescind its termination. No further action has been taken by either party.

LNR has also failed to make certain water and sewer payments for usage. The SSTTDC has informed LNR of its intent to lien all property. The total outstanding amount for these invoices as of June 30, 2014 is approximately $133,000 with interest added and represents approximately 14% of the Water and Sewer Enterprise Fund budget.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and cash equivalents………………………	$ 4,952,249	$ 299,042	$ 5,251,291
Accounts receivable, net of uncollectibles:			
User charges………………………………………	-	126,118	126,118
Intergovernmental………………………………	631,142	-	631,142
Due from developer……………………………	375,686	-	375,686
Other…………………………………………………	2,065	-	2,065
Restricted Asset:			
Cash and cash equivalents………………………	584,742	-	584,742
Total Current Assets……………………………	6,545,884	425,160	6,971,044
Noncurrent:			
Capital assets, net of accumulated depreciation………………………	47,599,685	27,284	47,626,969
Total Assets………………………………………	54,145,569	452,444	54,598,013
LIABILITIES			
Current:			
Warrants payable…………………………………	861,302	78,655	939,957
Due to Commonwealth of Massachusetts………	1,608,295	-	1,608,295
Advance collections………………………………	23,537	-	23,537
Accrued salaries and benefits…………………	16,811	-	16,811
Accrued interest expense………………………	405,260	-	405,260
Compensated absences…………………………	32,076	-	32,076
Developer deposits………………………………	584,742	-	584,742
Total Current Liabilities………………………	3,532,023	78,655	3,610,678
Noncurrent:			
Compensated absences…………………………	5,746	-	5,746
Bonds payable……………………………………	12,550,000	-	12,550,000
Other postemployment benefits………………	265,629	23,098	288,727
Total Noncurrent Liabilities……………………	12,821,375	23,098	12,844,473
Total Liabilities…………………………………	16,353,398	101,753	16,455,151
NET POSITION			
Net investment in capital assets………………	35,049,685	27,284	35,076,969
Restricted for development……………………	454,502	-	454,502
Unrestricted………………………………………	2,287,984	323,407	2,611,391
Total Net Position………………………………	$ 37,792,171	$ 350,691	$ 38,142,862

See notes to basic financial statements.

Statement of Activities

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Governmental Activities:							
Board of Directors:							
Salaries	$ 30,866	$ -	$ -	$ -	$ (30,866)	$ -	$ (30,866)
Expenses	41,155	-	-	-	(41,155)	-	(41,155)
Chief Executive Officer:							
Salaries	205,386	-	-	-	(205,386)	-	(205,386)
Expenses	250,696	-	1,000	-	(249,696)	-	(249,696)
Insurance	51,382	-	-	-	(51,382)	-	(51,382)
Finance:							
Salaries	277,629	-	-	-	(277,629)	-	(277,629)
Expenses	123,185	-	-	-	(123,185)	-	(123,185)
Solicitor	162,285	-	-	-	(162,285)	-	(162,285)
Information systems expenses	12,499	-	-	-	(12,499)	-	(12,499)
Planning Board:							
Salaries	82,721	-	-	-	(82,721)	-	(82,721)
Expenses	97,892	5,537	-	-	(92,355)	-	(92,355)
Pension, benefits, and insurance	201,018	-	-	-	(201,018)	-	(201,018)
Education	330,215				(330,215)		(330,215)
Maintenance of buildings	71,150	-	-	-	(71,150)	-	(71,150)
Police and fire services	319,607	-	-	-	(319,607)	-	(319,607)
Building inspections:							
Salaries	42,040	250,764	-	-	208,724	-	208,724
Expenses	245	-	-	-	(245)	-	(245)
Department of Public Works:							
Salaries	61,179	-	-	-	(61,179)	-	(61,179)
Expenses	190,194	-	-	-	(190,194)	-	(190,194)
Fuel	694	-	-	-	(694)	-	(694)
Parkway deficiency	1,375,325	-	-	-	(1,375,325)	-	(1,375,325)
East West Parkway - Rockland to Trotter Road	-	-	-	20,460,548	20,460,548	-	20,460,548
Veterans	62				(62)	-	(62)
Route 18 improvements	626,553	-	-	626,553	-	-	-
Capital outlay	-	-	-	1,434,152	1,434,152	-	1,434,152
Debt service costs	972,625	-	-	-	(972,625)	-	(972,625)
Unallocated depreciation	1,692,931	-	-	-	(1,692,931)	-	(1,692,931)
Total Governmental Activities	7,219,534	256,301	1,000	22,521,253	15,559,020	-	15,559,020
Business-Type Activities:							
Water/Sewer	624,431	785,217	-	-	-	160,786	160,786
Total Business-Type Activities	624,431	785,217	-	-	-	160,786	160,786
Total Primary Government	$ 7,843,965	$ 1,041,518	$ 1,000	$ 22,521,253	15,559,020	160,786	15,719,806
General Revenues:							
Real estate and personal property taxes					2,775,114	-	2,775,114
Tax liens					4,450	-	4,450
Entitlement fees					225,036	-	225,036
Special assessments					532,231	-	532,231
Investment income					27,588	-	27,588
Other revenue					60,880	-	60,880
Transfers, net					11,528	(11,528)	-
Total General Revenues and Transfers					3,636,827	(11,528)	3,625,299
Change in net position					19,195,847	149,258	19,345,105
Net Position:							
Beginning of the year, as restated					18,596,324	201,433	18,797,757
End of the year					$ 37,792,171	$ 350,691	$ 38,142,862

See notes to basic financial statements.

Balance Sheet
Governmental Funds

June 30, 2014

	General Fund	Developer Deposit Fund	Multimodal Access Project Fund	Mass Highway Fund	Infrastructure Acquisition Fund	East/West Parkway Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 4,230,357	$ -	$ -	$ -	$ 630,237	$ -	$ 91,655	$ 4,952,249
Restricted cash and cash equivalents	-	584,742	-	-	-	-	-	584,742
Accounts receivable:								
Intergovernmental	-	-	341,550	83,207	-	206,385	-	631,142
Due from Developer	375,686	-	-	-	-	-	-	375,686
Other	-	-	-	-	-	-	2,065	2,065
Total Assets	$ 4,606,043	$ 584,742	$ 341,550	$ 83,207	$ 630,237	$ 206,385	$ 93,720	$ 6,545,884
LIABILITIES								
Warrants payable	$ 54,425	$ -	$ 341,550	$ 83,207	$ 175,735	$ 206,385	$ -	$ 861,302
Due to Commonwealth of Massachusetts	1,608,295	-	-	-	-	-	-	1,608,295
Accrued salaries and benefits	16,811	-	-	-	-	-	-	16,811
Advance collections	23,537	-	-	-	-	-	-	23,537
Developer deposits	-	584,742	-	-	-	-	-	584,742
Total Liabilities	1,703,068	584,742	341,550	83,207	175,735	206,385	-	3,094,687
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	375,686	-	-	-	-	-	-	375,686
FUND BALANCES								
Restricted	-	-	-	-	454,502	-	93,720	548,222
Assigned	24,542	-	-	-	-	-	-	24,542
Unassigned	2,502,747	-	-	-	-	-	-	2,502,747
Total Fund Balances	2,527,289	-	-	-	454,502	-	93,720	3,075,511
Total liabilities, deferred inflows of resources and fund balances	$ 4,606,043	$ 584,742	$ 341,550	$ 83,207	$ 630,237	$ 206,385	$ 93,720	$ 6,545,884

Total fund balance above	$ 3,075,511
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	47,599,685
Accounts receivable are not available to pay for current-period expenditures and therefore are not reported in the funds	375,686
Long-term notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds	(12,550,000)
Accrued interest are not due and payable in the current period and therefore are not reported in the funds	(405,260)
Other postemployment benefit liability not due and payable in the current period and therefore are not reported in the funds	(265,629)
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(37,822)
Net position of governmental Activities	$ 37,792,171

See notes to basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended June 30, 2014

	General Fund	Multimodal Access Project Fund	Mass Highway Fund	Infrastructure Acquisition Fund	East/West Parkway Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Real estate and personal property taxes	$ 2,775,114	$ -	$ -	$ -	$ -	$ -	$ 2,775,114
Tax liens	4,450	-	-	-	-	-	4,450
Intergovernmental	51,667	779,870	626,553	-	654,058	224	2,112,372
Entitlement fees	225,036	-	-	-	-	-	225,036
Licenses, permits, and fees	393,105	-	-	-	-	5,537	398,642
Special assessments	532,231	-	-	-	-	-	532,231
Other revenue	9,213	-	-	-	-	3,065	12,278
Investment income	27,560	-	-	28	-	-	27,588
Total Revenues	4,018,376	779,870	626,553	28	654,058	8,826	6,087,711
EXPENDITURES							
Board of Directors:							
Salaries	30,866	-	-	-	-	-	30,866
Expenses	41,155	-	-	-	-	-	41,155
Chief Executive Officer:							
Salaries	205,386	-	-	-	-	-	205,386
Expenses	210,624	-	-	-	-	5,515	216,139
Insurance	51,382	-	-	-	-	-	51,382
Finance:							
Salaries	272,888	-	-	-	-	-	272,888
Expenses	123,185	-	-	-	-	-	123,185
Solicitor	161,374	-	-	-	-	911	162,285
Information systems expenses	12,499	-	-	-	-	-	12,499
Planning Board:							
Salaries	82,721	-	-	-	-	-	82,721
Expenses	94,999	-	-	-	-	2,893	97,892
Pension, benefits, and insurance	201,018	-	-	-	-	-	201,018
Education	330,215						330,215
Maintenance of buildings	71,150	-	-	-	-	-	71,150
Police and fire services	319,607	-	-	-	-	-	319,607
Building inspections:							
Salaries	42,040	-	-	-	-	-	42,040
Expenses	245	-	-	-	-	-	245
Department of Public Works:							
Salaries	61,179	-	-	-	-	-	61,179
Expenses	186,694	-	-	3,500	-	-	190,194
Fuel	694	-	-	-	-	-	694
Parkway deficiency	1,375,325	-	-	-	-	-	1,375,325
Veterans	62						62
Route 18 improvements	-	-	626,553	-	-	-	626,553
Capital outlay	-	779,870	-	-	654,058	-	1,433,928
Debt service costs	972,625	-	-	-	-	-	972,625
Total Expenditures	4,847,933	779,870	626,553	3,500	654,058	9,319	6,921,233
Excess/(deficiency) of revenues over/(under) expenditures	(829,557)	-	-	(3,472)	-	(493)	(833,522)
Other Financing Sources:							
Transfers in	11,528	-	-	-	-	-	11,528
Net change in fund balance	(818,029)	-	-	(3,472)	-	(493)	(821,994)
Fund balances at the beginning of the year	3,345,318	-	-	457,974	-	94,213	3,897,505
Fund balances at the end of the year	$ 2,527,289	$ -	$ -	$ 454,502	$ -	$ 93,720	$ 3,075,511

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds		$	(821,994)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	1,433,928		
Contributed infrastructure - East West Parkway Rockland to Trotter Road	20,460,548		
Depreciation expense	(1,692,931)		
Net effect of reporting capital assets			20,201,545
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unearned revenue			(144,406)
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.			
Net change in compensated absences accrual	(4,741)		
Net change in other postemployment benefits accrual	(34,557)		
Net effect of recording long-term liabilities			(39,298)
Change in net position of governmental activities		$	19,195,847

See notes to basic financial statements.

Statement of Net Position
Proprietary Funds

June 30, 2014

		Business-type Activities Enterprise Funds
		Water/Sewer Fund
ASSETS		
Current:		
Cash and cash equivalents	$	299,042
Receivables, net of uncollectibles		126,118
Total Current Assets		425,160
Noncurrent:		
Capital assets, net of accumulated depreciation		27,284
Total Assets	$	452,444
LIABILITIES		
Current:		
Warrants Payable	$	78,655
Noncurrent:		
Other postemployment benefits		23,098
Total Liabilities		101,753
NET POSITION		
Net investment in capital assets		27,284
Unrestricted		323,407
Total Net Position	$	350,691

See notes to basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year Ended June 30, 2014

		Business-type Activities - Enterprise Funds
		Water/Sewer Fund
OPERATING REVENUES:		
Charges for services………………………………………………	$	705,134
Connection fees……………………………………………………		78,023
TOTAL OPERATING REVENUE……………………………………		783,157
OPERATING EXPENSES:		
Water and sewer expenses…………………………………………		623,445
Depreciation expense………………………………………………		986
TOTAL OPERATING EXPENSES…………………………………		624,431
OPERATING INCOME (LOSS)……………………………………		158,726
NONOPERATING REVNUES (EXPENSES):		
Investment Income……………………………………………………		2,060
TRANSFERS:		
Transfers out…………………………………………………………		(11,528)
CHANGE IN NET POSITION……………………………………		149,258
NET POSITION AT BEGINNING OF YEAR, AS RESTATED………		201,433
NET POSITION AT END OF YEAR……………………………………	$	350,691

See notes to basic financial statements.

Statement of Cash Flows
Proprietary Funds

June 30, 2014

	Business-type Activities Enterprise Funds
	Water/Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	$ 354,115
Payments to vendors	(575,132)
Payments to employees	(48,313)
NET CASH FROM OPERATING ACTIVITIES	(269,330)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out	(11,528)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	2,060
NET CHANGE IN CASH AND CASH EQUIVALENTS	(278,798)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	577,840
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 299,042
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income (loss)	$ 158,726
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	986
Adjustments to reconcile operating income to net cash from operating activities:	
Other receivables	(63,791)
Warrants payable	(368,256)
Other postemployment benefit	3,005
Total adjustments	(428,056)
NET CASH FROM OPERATING ACTIVITIES	$ (269,330)

See notes to basic financial statements.

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2014

		Agency Funds
ASSETS		
CURRENT:		
Cash and cash equivalents	$	34,108
Prepaid deposits		24,447
TOTAL ASSETS		58,555
LIABILITIES		
Liabilities due depositors	$	58,555

See notes to basic financial statements.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and financial reporting practices for the South Shore Tri-Town Development Corporation (SSTTDC) are prescribed by the Office of the State Auditor in accordance with the Corporation's enabling legislation, Chapter 301 of the Acts of 1998, as amended in August 2008. The significant accounting policies are described herein.

Reporting Entity

The Corporation was established on August 14, 1998 through its enabling legislation Chapter 301 of the Acts of 1998, as amended in August of 2008 in Chapter 303, Section 36. The purpose of the legislation is to promote the expeditious and orderly conversion and redevelopment of the closed Naval Air Station, located on approximately 1,450 acres in the Towns of Abington, Rockland and Weymouth, for nonmilitary purposes, including but not limited to, commercial, housing, industrial, institutional, educational, governmental, recreational, conservation or manufacturing uses. In order to achieve these objectives the Corporation was given full powers and authority to carry out the purposes of this Act. The former Naval Air Station is being developed into a community to be named *"SouthField".*

The Corporation operates under the direction of the Board of Directors. Policy-making and legislative authority are vested in the Board of Directors. The Board of Directors is responsible, among other things, for adopting the budget and hiring staff. The Board of Directors hired a Chief Executive Officer who is responsible for carrying out the policies of the Board of Directors and for overseeing the day-to-day operation of the Corporation. The Board of Directors are appointed for a 5 year term (staggered at initial appointment) by the towns of Abington, Rockland and Weymouth.

The Corporation is not a City or a Town and its existence is limited by Statute. The Corporation is a special purpose government that will cease to exist upon completion of the development, or upon repayment or transfer of any outstanding indebtedness, but in no case will the Corporation exist under current legislation beyond December 31, 2053, unless an extension is provided. During the period of existence, it has the ability to exercise most powers of a municipality on behalf of the three local Towns. After the termination of the Corporation, the powers and duties assigned to the Corporation will revert back to each of the three Towns.

The Corporation is required to distribute all remaining tax revenues (excess revenues) to the Towns according to the formula set forth the in the Enabling Legislation after payment of all of its operating, investments and financing obligations, including debt service, reserves and other such payments as may be required by the applicable documentation for the Corporation's bonds or other borrowings.

Based on the requirements of GASB Statement No. 39, there are no component units for the Corporation to report.

Basis of Presentation

The accompanying financial statements include all the financial transactions of the Corporation for the year ended June 30, 2014 and are presented in accordance with Statement No. 34 of the Governmental Accounting Standards Board; *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments.*

Government-Wide Statements

Included in the basic financial statements are two government-wide statements. Neither fiduciary funds nor component units that are fiduciary in nature are included.

1. **Statement of Net Position**: The basic government-wide statement of position is the statement of net position. The statement uses a net position format (i.e., assets + deferred outflows – liabilities – deferred inflows = net position). The statement reports all assets and liabilities related to governmental activities.

2. **Statement of Activities:** The other governmental-wide financial statement is the statement of activities. This is the operating statement. The statement uses a net cost format. The statement first reports the total costs of a government's various functions or programs from all funding sources. The statement then shows how a portion of the cost is financed by charges for services or by related grants and contributions. The difference between these two elements is then reported as the net cost that must be financed through the Corporation's own resources (e.g., interest income and non-program-related revenue).

Measurement Focus and Basis of Accounting of the Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place and are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements

In addition to the government-wide statements, financial transactions of the Corporation are recorded on a fund perspective in the following funds. The financial transactions of the Corporation are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Corporation uses the following fund types:

Major Funds

- General Fund - reflects the financial transactions related to general governmental activities, which are not otherwise accounted for in another fund. Included in the General Fund is the unassigned fund balance, the amount by which unrestricted cash, accounts receivable, and other assets exceed liabilities and reserves.

- Developer Deposit Fund - is a special revenue fund that is used to account for the deposits held by the Corporation for entitlement fees paid in advance.

- Multimodal Access Project Fund - is a special revenue fund that is used to design and construct access improvements and intermodal facilities at the former South Weymouth Naval Air Station.

- Mass Highway Fund - is a special revenue fund that is used to account for the grants received for the improvements made to Route 18.

- Infrastructure Acquisition Fund - is a capital project fund that is used to account for the purchase of the infrastructure from the Master Developer.

- East/West Parkway Fund - is a capital project fund that is used to account for the construction of the East/West Parkway.

Nonmajor Funds

- Special revenue funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

- Capital projects funds - are used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

Proprietary Fund Category

Proprietary funds are those that are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise Funds

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Corporation has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Corporation has one Enterprise Fund that is used to account for the Corporation's water and sewer activities.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Corporation on a cost- reimbursement basis. Currently, the Corporation does not utilize internal service funds.

Fiduciary Funds

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The agency fund is used to account for assets held in a purely custodial capacity and apply the accrual basis of accounting but do not have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Corporation may electively add funds, as major funds, which have specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

Accounting for Revenues

The accounts of the Governmental Fund Category are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. All revenues are accounted for on the accrual basis within the Government-wide financial statements and Proprietary Fund financial statements. 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.

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

Accounting for Expenditures/Expenses

The expenditure accounts of the General, Major and Nonmajor Funds are reported on the modified accrual basis of accounting and are recognized in the accounting period in which a fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current available resources. Disbursements for material and supply inventories are considered expenditures rather than assets at the time of purchase since they are not material. All expenses are accounted for on the accrual basis within the Government-wide financial statements and Proprietary Fund financial statements.

Cash and Cash Equivalents

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

Investments are carried at fair value. Fair value is based on quoted market price. All of the Corporation's investments are currently in government money market accounts. Therefore, the investments of the Corporation have been reported as cash and cash equivalents. Additional cash and investment disclosures are presented in these Notes.

Internal Activity Elimination

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The Corporation classifies outstanding personal property taxes three years or more as uncollectible for financial reporting purposes. Outstanding real estate taxes are secured by tax liens, and therefore considered to be fully collectible.

Accounting for Capital Assets

The Corporation's policy is to capitalize and depreciate fixed assets over the following estimated service lives on a straight-line basis for any asset with a cost greater than $1,000 and a useful life greater than one-year.

Capital Asset Type	Estimated Useful Life (in years)
Leasehold Improvements……………………..	7
Vehicles………………………………………..	3-7
Machinery and Equipment……………………	3-7
Infrastructure………………………………….	30

Infrastructure and other capital assets reporting policies will be developed as each type of asset is acquired. The Corporation records capital assets at cost or estimates current market value for donated assets. The Corporation's policy is to record no depreciation expense for assets transferred to the Developer in the year of transfer. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Corporation did not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term obligations consist of bonds payable, accrued compensated absences and other postemployment benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Other Postemployment Benefits

SSTTDC has five employees currently eligible to receive other postemployment benefits upon retirement.

Compensated Absences

Employees earn vacation and sick leave (up to a maximum of 75 days) as they provide services. The cost of vacation and sick leave benefits is recorded as an expenditure of the appropriate fund when incurred. Vacation and sick leave accumulate for employees based upon the Corporation's personnel policy. The liability for these compensated absences is recorded as long-term obligations in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investments in capital assets".

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance can be classified in the following components:

- Nonspendable fund balance – consists of amounts that cannot be spent because they are either not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted fund balance – consists of amounts upon which constraints have been placed on their use either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance – consist of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors.

- Assigned fund balance – consist of amounts that are constrained by the Corporation's intent to be used for a specific purpose. Intent is expressed by either the governing body, or the officials directly responsible for departmental appropriations.

- Unassigned fund balance – represents the residual classification for the general fund. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results will differ from those estimates.

Total Columns

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Real Estate and Personal Property Taxes

Approximately 1,107 acres of federal land has been conveyed to the Corporation, of which 882 acres is for economic development and subject to taxation. The remaining 225 acres is currently under the direction of SSTTDC. The Corporation assesses tax on the land that was conveyed to the Corporation.

Restricted Net Position

The Corporation's enabling legislation, Chapter 301 of the Acts of 1998, as amended by Chapter 303 of the Acts of 2008 amending Chapter 301 of the Acts of 1998, authorizes the Corporation to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. In addition, any grant revenues the Corporation receives that are legally restricted are reported as Restricted Net Position.

NOTE 3 – CASH AND INVESTMENTS

Statute requires the SSTTDC to comply with Massachusetts General Laws, Chapter 44, Section 55, which places certain limitations on cash deposits and investments available to the SSTTDC. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The SSTTDC may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof, and having a maturity from date of purchase of one year or less. The SSTTDC may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The SSTTDC may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. Cash deposits are reported at carrying amount, which reasonably approximates fair value. A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheets as "cash and cash equivalents".

At June 30, 2014 bank deposits totaled $6,616,240 and had a carrying amount (book value) of $5,870,141. Of the bank balance $1,000,000 was covered by Federal Depository Insurance and $1,300,708 was covered by the Share Insurance Fund. The remaining bank balances of $4,315,532 is government money market accounts held at various banks and are not covered by depository insurance. The difference between deposit amounts and carrying amounts generally represents outstanding checks and deposits in transit.

SSTTDC’s only investments as of June 30, 2014 consisted of government money market accounts which have been classified as cash and cash equivalents. Management has incorporated deposit policies, designed to manage deposit risk, into its recently adopted Investment Policy.

Developer deposits received for entitlement fees paid in advance are reported as restricted cash of the Governmental Activities, Developer Deposit Fund.

NOTE 4 – CASH RESERVE DEPOSITS

In connection with the issuance, on June 30, 2010, of $30,000,000 of Special Obligation Bonds (Commonwealth Contract Assistance) by the Massachusetts Development Finance Agency, the Corporation executed an agreement with the Commonwealth of Massachusetts, acting by and through its Executive Office for Administration and Finance. The proceeds of the bonds will be disbursed by the Trustee to the Corporation to pay or reimburse the Corporation for a portion of the costs incurred in connection with financing a portion of the Parkway Project. The Corporation is not liable for repayment of the Bonds; however, pursuant to the agreement, the Corporation is obligated to make certain payments to the Commonwealth in the event that new state tax revenues generated by the redevelopment of the base do not meet certain projected amounts. In connection with the agreement, the Corporation was required to deposit up to $500,000 in an interest-bearing, segregated bank account (cash reserves) held by the Commonwealth.

These obligations may be negated if certain milestones are met. The SSTTDC believes it has met these milestones and has requested the Commonwealth to release the SSTTDC from the obligation. See Note 13 for details regarding this contingent liability of the Corporation.

NOTE 5 – RECEIVABLES

The Corporation reports the aggregate amount of receivables in the accompanying Statement of Net Position and Balance Sheet. In addition, governmental funds report, on the Balance Sheet, unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also postpone revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues, if any, are also reported on the Statement of Net Position.

The Corporation includes the following receivables for individual major and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible amounts:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Intergovernmental……	$ 631,142	$ -	$ 631,142
Due from Developer……	375,686	-	375,686
Other……	2,065	-	2,065
Total……	$ 1,008,893	$ -	$ 1,008,893

At June 30, 2014, receivables for the water and sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water and sewer fees……	$ 126,118	$ -	$ 126,118

Governmental funds report unavailable revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. At June 30, 2014, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund
Receivable type:	
Due from Developer	$ 375,686

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ending June 30, 2014, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 225,300	$ -	$ -	$ 225,300
Construction in progress	16,778,135	-	(16,778,135)	-
Total capital assets not being depreciated	17,003,435	-	(16,778,135)	225,300
Capital assets being depreciated:				
Leasehold improvements	34,213	-	-	34,213
Machinery and equipment	193,476	-	-	193,476
Vehicles	24,570	-	-	24,570
Multimodal Access Project - Infrastructure	-	7,860,952	-	7,860,952
East West Parkway - Non-Participating Agreement	-	992,640	-	992,640
Shea Drive/MGA - Series 2010A Infrastructure Bond	11,381,859	-	-	11,381,859
East West Parkway - Rockland to Trotter Road	-	29,819,019	-	29,819,019
Total capital assets being depreciated	11,634,118	38,672,611	-	50,306,729
Less accumulated depreciation for:				
Leasehold improvements	(19,724)	(3,384)	-	(23,108)
Machinery and equipment	(172,148)	(17,458)	-	(189,606)
Vehicles	(14,732)	(3,608)	-	(18,340)
Infrastructure	(1,032,809)	(1,668,481)	-	(2,701,290)
Total accumulated depreciation	(1,239,413)	(1,692,931)	-	(2,932,344)
Total capital assets being depreciated, net	10,394,705	36,979,680	-	47,374,385
Total governmental activities capital assets, net	$ 27,398,140	$ 36,979,680	$ (16,778,135)	$ 47,599,685

Water and Sewer Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Infrastructure	$ 29,594	$ -	$ -	$ 29,594
Less accumulated depreciation for:				
Infrastructure	(1,324)	(986)	-	(2,310)
Total capital assets being depreciated, net	$ 28,270	$ (986)	$ -	$ 27,284

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

Governmental Activities:	
Unallocated depreciation	$ 1,692,931
Business-Type Activities:	
Water and Sewer	$ 986

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	Transfers In:	
Transfers Out:	General Fund	
Water/Sewer Enterprise Fund	$ 11,528	(1)

(1) Represents budgeted transfer to reimburse the General Fund.

NOTE 8 – CONVEYANCE OF LAND AND PROPERTY FROM THE NAVY

December 15, 2012 Purchase and Assignment to LNR

On December 15, 2012 the Navy sold 558 acres of land to SSTTDC. The purchase price of the land consisted of a.) an initial payment of $2 million at the closing, b.) a promissory note from SSTTDC to the Navy in the amount of $10 million to be paid in ten annual equal principal installments plus interest based on the ten year Treasury Note rate as of the date of the sale, and c.) participation by the Navy in the Gross Real Estate Proceeds received by SSTTDC or the Developer – LNR for land sales or ground leases to any vertical developer through December 31, 2031. The participation rate for the Navy is 5.04% of such Gross Real Estate Proceeds based on the fair market value of the sales or leases.

On the same day of the purchase SSTTDC conveyed the land purchased from the Navy to LNR. SSTTDC and LNR executed an EDC Transfer, Assignment and Pass-Through Agreement regarding this transaction. The agreement conveys the land and SSTTDC's responsibilities to LNR. LNR paid the $2 million initial payment due at the closing and has assumed the $10 million promissory note due to the Navy as well as all of the other responsibilities of the purchase price. To secure the LNR payments, LNR has agreed to a decreasing $5 million letter of credit plus has consented to a mortgage on a 24 acre parcel of prime commercial land.

May 15, 2003 Conveyance

On May 15, 2003, the United States of America, acting through the Secretary of the Navy (Navy) conveyed a total of 549 acres of the former South Weymouth Naval Air Station to the Corporation. Approximately 324 acres were transferred under an Economic Development Conveyance specifically for the purposes of commercial development by LNR. The remaining 225 acres were transferred under a Public Benefit Conveyance through the National Park Service under the authority of the Secretary of the Interior, to be used exclusively for a public park or public recreation under the direction of the Corporation. The government also transferred ownership of buildings, vehicles and equipment. Management estimated the market value of the property at the date of transfer to be $23,105,352.

On June 23, 2006 SSTTDC transferred 324 acres of land to LNR in anticipation of the initial phases of development. The land, along with buildings, certain machinery and equipment, and capitalized construction in progress had a net book value at the time of transfer of approximately $23,568,000 after deducting a mortgage due to LNR in the amount of $11,717,000.

NOTE 9 – TEMPORARY BORROWING

Under state law and by authorization of the Board of Directors, the Corporation is authorized to borrow on a temporary (short-term) basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of tax anticipation notes (TANs),
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs),
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the Corporation and carry maturity dates that are limited by statute. Interest expenditures for temporary borrowings are accounted for in the General Fund. Temporary borrowings are recorded as liabilities in the Special Revenue Funds and the Capital Project Funds.

The Corporation did not have any short term debt activity for the year ended June 30, 2014.

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of changes in long term obligations for the year ended June 30, 2014:

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Infrastructure Development Revenue Bonds……………………….	5.5 - 7.75	$ 12,550,000	$ -	$ -	$ 12,550,000

The following is a summary of changes in long-term obligations for the year ended June 30, 2014, including interest, are as follow:

Year	Principal	Interest	Total
2015……….	$ -	$ 972,625	$ 972,625
2016……….	50,000	971,656	1,021,656
2017……….	100,000	966,813	1,066,813
2018……….	150,000	958,093	1,108,093
2019……….	200,000	945,500	1,145,500
2020……….	250,000	929,031	1,179,031
2021……….	250,000	909,656	1,159,656
2022……….	250,000	890,281	1,140,281
2023……….	300,000	869,938	1,169,938
2024……….	300,000	846,688	1,146,688
2025……….	350,000	822,469	1,172,469
2026……….	350,000	795,344	1,145,344
2027……….	400,000	767,250	1,167,250
2028……….	425,000	736,250	1,161,250
2029……….	450,000	702,343	1,152,343
2030……….	500,000	666,500	1,166,500
2031……….	525,000	627,750	1,152,750
2032……….	575,000	586,094	1,161,094
2033……….	625,000	540,562	1,165,562
2034……….	675,000	491,156	1,166,156
2035……….	725,000	437,875	1,162,875
2036……….	775,000	380,719	1,155,719
2037……….	825,000	319,688	1,144,688
2038……….	900,000	253,813	1,153,813
2039……….	975,000	183,094	1,158,094
2040……….	1,075,000	105,593	1,180,593
2041……….	550,000	21,312	571,312
Totals……...	$ 12,550,000	$ 17,698,093	$ 30,248,093

The Corporation is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Corporation had the following authorized and unissued debt.

Purpose	Amount
Infrastructure bond........................	$ 2,725,000

The Corporation is subject to a dual level general debt limit – the normal debt limit and the double debt limit. Such items are equal to 5% and 10%, respectively of the valuation of taxable property in the Corporation as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth. Additionally, there are many categories of general obligation debt that are exempt from the debt limit but are subject to other limitations.

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 2013	Additions	Reductions	Ending Balance 2014	Due Within One Year
Governmental Activities:					
Compensated absences...........	$ 33,081	$ 32,309	$ (27,568)	$ 37,822	$ 32,076
Other postemployment benefits..	231,072	34,557	-	265,629	-
Bonds payable.......................	12,550,000	-	-	12,550,000	-
Total governmental activities......	$ 12,814,153	$ 66,866	$ (27,568)	$ 12,853,451	$ 32,076

	Beginning Balance 2013	Additions	Reductions	Ending Balance 2014	Due Within One Year
Business-Type Activities:					
Other postemployment benefits..	$ 20,093	$ 3,005	$ -	$ 23,098	$ -

Lease Obligations

A. Operating leases

The Corporation may enter into operating leases to support governmental activities, some of which are non-cancelable but otherwise are subject to annual appropriation. The annual minimum required lease payments for non-cancelable operating leases are immaterial as of June 30, 2014.

B. Capital leases

In accordance with Massachusetts General Laws, the Corporation may enter into lease agreements for a period not exceed five years and subject to annual appropriation. The Corporation does not have any material capital lease obligations outstanding as of June 30, 2014.

NOTE 11 – GOVERMENTAL FUND BALANCE CLASSIFICATIONS

The Corporation adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as part of the year 2013 reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Corporation's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- <u>Restricted</u>: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

- <u>Committed</u>: fund balances that contain self-imposed constraints of the Corporation from its highest level of decision making authority.

- <u>Assigned</u>: fund balances that contain self-imposed constraints of the Corporation to be used for a particular purpose.

- <u>Unassigned</u>: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

In accordance with Statement No. 54, the stabilization funds have been reported in the General Fund. At year end the balance of the General Stabilization Fund and the Other Postemployment Fund are $324,154 and $290,654, respectively, and are reported as unassigned fund balance within the General Fund.

The Corporation has classified its fund balances with the following hierarchy:

	Governmental Funds			
	General Fund	Infrastructure Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Restricted for:				
Infrastructure acquisition fund………………	$ -	$ 454,502	$ -	$ 454,502
Definitive subdivision………………………	-	-	49,611	49,611
Sale of town owned property…………………	-	-	19,117	19,117
Conservation filing…………………………	-	-	15,584	15,584
Gift account…………………………………	-	-	1,182	1,182
Development plan……………………………	-	-	2,377	2,377
Insurance reimbursement……………………	-	-	5,849	5,849
Assigned for carryover encumbrances to:				
Chief executive officer………………………	5,000	-	-	5,000
Finance……………………………………	415	-	-	415
Solictor……………………………………	19,000	-	-	19,000
Planning board………………………………	127	-	-	127
Unassigned…………………………………	2,502,747	-	-	2,502,747
Total Fund Balances………………………………	$ 2,527,289	$ 454,502	$ 93,720	$ 3,075,511

NOTE 12 – PENSION PLAN

Plan Description

The Corporation contributes for eligible employees to the Plymouth County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Association. Substantially all employees are members of the System. The System provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Association is governed by the applicable provisions of Chapter 32 of the Massachusetts General Law (M.G.L.) and other applicable statutes. Oversight is provided by a five-member board. The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360.

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Corporation is required to pay into the System its share of the system-wide actuarial determined contribution, which is apportioned among the employers based on active current payroll. The current year contribution is $88,221, representing approximately 0.06% of the system-wide employer assessments. The contribution requirements of plan members and the Corporation are established and may be amended by M.G.L. The Corporation's contributions to the Association for the years ending June 30, 2014, 2013, and 2012 were $88,221, $86,709 and $33,602, respectively, equal to the required contributions for each year.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Corporation administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Corporation's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Retiree Health Plan does not issue a publicly available financial report.

At April 30, 2014, the Plan's membership consisted of 5 current active members.

Funding Policy – Contribution requirements are negotiated between the corporation and plan members. The required contribution is based on a pay-as-you-go financing requirement. The Corporation contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs.

Annual OPEB Cost and Net OPEB Obligation – The Corporation's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Corporation has elected to calculate the ARC and related information using the alternative measurement method as permitted by GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The components of the Corporation's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Corporation's net OPEB obligation are summarized in the following table:

Annual required contribution………………………………………….	$	38,892
Interest on net OPEB obligation…………………………………….		10,047
Adjustment to annual required contribution………………………		(11,377)
Annual OPEB cost (expense)……………………………………		37,562
Contributions made…………………………………………………		-
Increase in net OPEB obligation……………………………………		37,562
Net OPEB obligation--beginning of year, as restated………………		251,165
Net OPEB obligation--end of year……………………………………	$	288,727

The Corporation's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 was as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 37,562	0%	$ 288,727

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

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

NOTE 14 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees and natural disasters. The Corporation carries various types of commercial insurance to address these exposures.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of the liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

On October 31, 2013 the Commonwealth of Massachusetts certified for the year ended June 30, 2013 the New State Tax Revenue generated by the East/West Parkway project to be $497,197 (Note 4). The total amount of debt service costs for the year was $1,872,325, leaving a deficiency of $1,375,128. In accordance with the Memorandum of Agreement the Corporation executed with the Commonwealth of Massachusetts, acting by and through its Executive Office for Administration and Finance, the corporation is required to pay the Commonwealth the deficiency. The due date for the deficiency payment has not been determined and the liability above plus $233,167 from prior years has been provided for in these financial statements.

NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION

In 2013 and prior years, the OPEB liability related to governmental and business-type activities was not reported. During 2014, an OPEB liability was recorded for both the governmental and business-type activities. As a result, the beginning balances of net position for the governmental and business-type activities were reduced by $231,072 and $20,093, respectively.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During year 2014, the following GASB pronouncements were implemented:

- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*. The implementation of this pronouncement did not impact the basic financial statements.

- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*. The implementation of this pronouncement did not impact the basic financial statements.

- The GASB issued Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in year 2015.

- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in year 2015.

- The GASB issued Statement #71, *Pension Transition for Contribution Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with Statement #68 in fiscal year 2015.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

General Fund

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance with Final Budget
REVENUES					
Real estate and personal property taxes	$ 2,395,100	$ 2,734,181	$ 2,796,928	$ -	$ 62,747
Tax liens	-	-	4,450	-	4,450
Intergovernmental	-	-	51,667	-	51,667
Entitlement fees	90,000	175,843	225,036	-	49,193
Licenses, permits, and fees	495,000	263,000	393,105	-	130,105
Special assessments	500,000	920,000	532,231	-	(387,769)
Other revenue	10,000	10,000	9,213	-	(787)
Investment income	15,000	15,000	21,901	-	6,901
Total Revenues	3,505,100	4,118,024	4,034,531	-	(83,493)
EXPENDITURES					
Board of Directors:					
Salaries	31,250	31,250	30,866	-	384
Expenses	30,766	45,766	41,155	-	4,611
Chief Executive Officer:					
Salaries	204,610	204,610	204,599	-	11
Expenses	150,700	230,089	215,591	5,000	9,498
Insurance	55,000	52,000	51,382	-	618
Reserve fund	49,768	2,940	-	-	2,940
Finance:					
Salaries	264,140	271,890	271,873	-	17
Expenses	110,450	200,831	138,194	415	62,222
Solicitor	84,171	179,171	164,501	19,000	(4,330)
Information systems expenses	17,000	17,447	12,499	-	4,948
Planning Board:					
Salaries	82,404	82,405	82,404	-	1
Expenses	80,300	116,652	115,367	127	1,158
Pension, benefits, and insurance	205,000	206,425	200,596	-	5,829
Maintenance of buildings	93,925	137,226	71,150	-	66,076
Education	500,000	400,000	330,215	-	69,785
Police and fire services	300,000	452,018	319,607	-	132,411
Building inspections					
Salaries	45,000	45,000	42,040	-	2,960
Expenses	20,000	20,000	245	-	19,755
Department of Public Works:					
Salaries	95,000	95,000	60,871	-	34,129
Expenses	130,693	206,340	186,694	-	19,646
Fuel	1,000	1,250	694	-	556
Parkway Deficiency	1,000,000	2,365,335	1,375,325	-	990,010
Health services	1,000	1,000	-	-	1,000
Veterans	5,000	5,542	62	-	5,480
Capital outlay	31,200	31,200	-	-	31,200
Debt service interest	972,625	972,625	972,625	-	-
Total Expenditures	4,561,002	6,374,012	4,888,555	24,542	1,460,915
Excess (Deficiency) of Revenues over/(under) Expenditures	(1,055,902)	(2,255,988)	(854,024)	(24,542)	1,377,422
Other Financing Sources (uses):					
Transfers In	-	-	481,146	-	(481,146)
Transfers out	(150,264)	(37,562)	(37,562)	-	-
Total Other Financing Sources	(150,264)	(37,562)	443,584	-	(481,146)
Net Change in Fund Balance	(1,206,166)	(2,293,550)	(410,440)	(24,542)	896,276
Fund Balances at the Beginning of the Year	2,368,268	2,368,268	2,368,268	-	-
Fund Balances at the End of the Year	$ 1,162,102	$ 74,718	$ 1,957,828	$ (24,542)	$ 896,276

See notes to required supplementary information.

Other Postemployment Benefits
Plan Schedules

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
4/30/2014	$ -	$ 352,769	$ 352,769	0%	$ 447,751	78.8%

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
2014	$ 38,892	$ -	0%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

YEAR ENDED JUNE 30, 2014

Actuarial Methods:

Valuation date……………………………………………	April 30, 2014
Actuarial cost method…………………………………	Entry age actuarial cost method
Amortization method…………………………………	30 year level funding
Remaining amortization period………………………	30 years as of June 30, 2014

Actuarial Assumptions:

Investment rate of return……………………………	4.00%, pay-as-you-go scenario
Medical/drug cost trend rate…………………………	2%, graded to 5% after year 4

Plan Membership:

Current active members……………………………	5

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Corporation must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 1/2 and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers; plus (b) provision for the prior year's deficits, if any, less (c) the aggregate of all non-property tax revenue and transfers projected to be received by the Corporation, including available surplus funds.

The budgets for all departments and operations of the Corporation are prepared under the direction of the Board of Directors. Original and supplemental appropriations are acted upon by vote of the Board of Directors. All general fund and enterprise fund functions are budgeted; the Corporation does not have legally adopted annual budgets for its special revenue funds. Budgets for various special revenue funds are utilized to account for specific grant programs and are established in accordance with the requirements of the Commonwealth or other grantor agencies.

B. Budgetary - GAAP Reconciliation

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The "actual" results column of the Statements of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis, are presented on a "budget basis" to provide a meaningful comparison with the budget. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2014, is presented below:

Net change in fund balance - budgetary basis……………………	$	(410,440)
Perspective difference:		
Activity of the general stabilization fund recorded in the general fund for GAAP…………………………………………		(465,876)
Activity of the OPEB stabilization fund recorded in the general fund for GAAP………………………		39,479
Basis of accounting differences:		
Net change in recording accrued revenue………………………		(21,814)
Net change in recording accrued expenses……………………		40,622
Net change in fund balance - GAAP basis………………………	$	(818,029)

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations for solicitor expenditures in the amount of $4,330. This over-expenditure will be funded by available funds during 2015.

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

The Corporation currently finances its other postemployment benefits on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Corporation has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

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

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