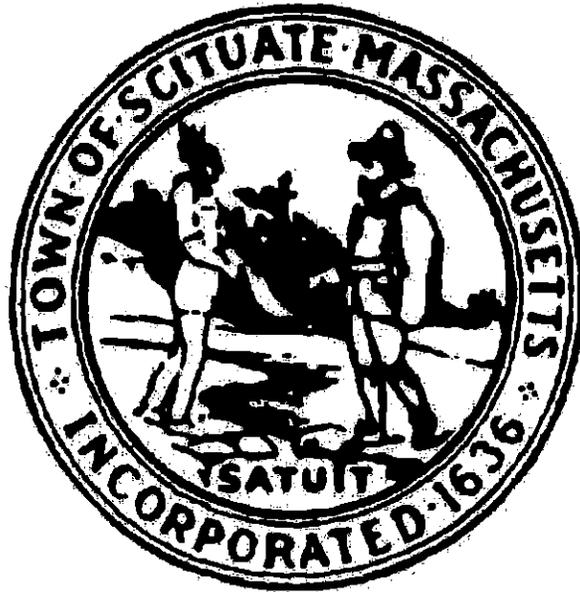


**TOWN OF SCITUATE, MASSACHUSETTS**

**FISCAL YEAR 2016**

**TOWN BUDGET**



**Budget Message**

**Financial Analysis and Proposed Departmental Budgets/Goals & Objectives**

**BOARD OF SELECTMEN**

John F. Danehey, Chairman  
Shawn Harris, Vice-Chairman  
Martin J. O'Toole, Clerk  
Anthony V. Vegnani  
Maura Curran

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**Patricia A. Vinchesi, Town Administrator**  
**Nancy Holt, Finance Director/Town Accountant**



## Table of Contents

### **SECTION I:**

How to Use This Budget Book  
Fiscal Year 2016 Town Administrator Budget Message and Transmittal  
FY2016 Budget and Capital Review Calendar  
Organizational Chart  
Town Organization Summary by Department  
FY 2016 Budget Assumptions  
Financial Forecast Committee Forecast  
Projected State Aid  
Certified Free Cash FY 2001 to Date  
Source of Free Cash  
Town of Scituate Historical Tax Rates  
Average Single Family Tax Bill for the Town of Scituate  
Scituate Population  
Building Permit Trends  
Bond Rating Criteria and Designations  
Town of Scituate Financial Policies  
Working List of Town Meeting Articles as of 1/2/15

### **SECTION II:**

FY 2016 Departmental Operating Budget (Requested and Town Administrator recommended)

#### **100 *GENERAL GOVERNMENT***

122-3 Board of Selectmen & Town Administrator  
131-2 Advisory Committee & Reserve Fund  
135 Finance Director/Town Accountant & Annual Audit  
141 Board of Assessors  
145 Treasurer/Collector  
149 Administration/Economic Development Commission  
155 Information Technology  
158 Tax Foreclosure  
159 Cable TV  
161 Town Clerk  
171 Conservation Commission  
175 Planning Board  
176 Zoning Board of Appeals  
192 Insurance/General Liability

#### **200 *PUBLIC SAFETY***

210 Police & Animal Control  
220 Fire/EMS/Emergency Management  
241 Inspections

295 Shellfish

**400 PUBLIC WORKS**

400 Department of Public Works  
410 Facilities Management  
423 Snow and Ice  
424 Street Lights & Beacons

**500 SOCIAL AND HUMAN RESOURCES**

510 Public Health  
541 Council on Aging  
543 Veterans Services and Benefits  
549 Commission on Disabilities

**600 CULTURE AND RECREATION**

610 Library  
630 Recreation  
650 Beautification  
691 Historical Commission

**700 DEBT SERVICE**

720 Debt and Interest

**900 EMPLOYEE BENEFITS**

910 Non-Contributory Pensions  
911 Plymouth County Retirement  
912 Workers' Compensation  
913 Unemployment Insurance  
914 Contributory Health Insurance  
916 Federal Taxes

**60 ENTERPRISE FUNDS**

61 Widow's Walk Golf Course  
63 Transfer Station  
64 Sewer  
65 Water  
66 Waterways

## **How to Use this Budget Book**

The total town budget is divided into three sections. The first section of this binder contains the Town Administrator's Budget Message and gives an overview of the Town's organization and current staff levels. It also contains information on the Town's budget process and includes detailed graphs and charts outlining its financial position and contains the Town's Revenue and Expense Assumptions.

The second section contains individual departmental budgets. These requests include goals and objectives identified by the department head to be worked toward during the coming fiscal year. Fiscal Year 2016 will be the fifth year, each department head and support staff's performance in meeting their stated goals and objectives is evaluated. Those that exceed overall are eligible for additional merit awards based on their performance evaluation.

The departmental budgets are further broken down into various sections that give staff the opportunity to discuss major budget components, risks and challenges and departmental accomplishments during the past year. Along with the budgetary line items, narrative detail is included as to what specific line items are used for, and revenue, other than from taxation, is itemized.

The second section discusses the priorities identified by the department head, edited and approved by the Town Administrator for operations, staffing, programs, services and activities. Personnel Updates and summary sheets for departmental requests are included with each budget. Specific line item detail for departmental budgets is available upon request and will be available during that department's budget review.

The third and final section of the town budget contained in a separate binder is the Town's Capital Improvement Plan (CIP) which contains the FY 16 Town Administrator and Finance Director recommended projects and funding. The CIP is not only contains departmental requests for FY 16, but for FY 16-FY 20 as well. This is the Town's five-year rolling capital plan and contains supplemental information about each project.



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## MEMORANDUM

**TO:** Board of Selectmen  
Advisory Committee  
Capital Planning Committee  
School Committee  
Finance Director/Town Accountant

**RE:** Budget Message

**DA:** January 2, 2015

**Cc:** Superintendent of Schools, Department Heads and Staff

In accordance with Sections 4-2 (f) (h), 6-2, and 6-3 of the Town of Scituate Town Charter, I hereby submit the Fiscal Year 2016 budget.

This is the sixth operating budget during my tenure. The Town's financial position became even stronger in FY 15: we increased reserves, maintained our AA+ bond rating and made significant improvements in our infrastructure and town services. We are now borrowing money at nominal interest rates and are on the eve of a residential building boon that the Town has not witnessed for many years. We have strong planning in place for both short and long-term financial needs.

Each year there is a challenge to recommend not only a balanced budget but a plan of service for the Town that must acknowledge that all requests and competing needs cannot be met to the degree necessary or desired by individual departments or groups. That is inherent in any budget process and this year is no different. We also no longer plan for the next year on an incremental basis, but for multiple years recognizing that some years will not provide as much revenue as others and we need to have adequate reserves. As noted here last year, fixed costs around Employee Benefits is becoming more problematic. As state, federal and county governments wrestle with the impacts of health insurance and pensions, more regulations and requirements are passed that leave communities with little wiggle room. This is especially true for Other Post-Employment Benefits (OPEB) liability. Each year municipalities are becoming more and more accountable for planning for this cost. The Town just created its OPEB Trust Fund in 2011 and while our financial polices require a 2% contribution of the annual retirement assessment, this will not be considered adequate and under the federally mandated GASB 67 and 68 our balance

sheet will now need to show how we are faring in making our annual contribution for this growing deficit. The Town's most recent actuarial report for its unfunded liability for OPEB, increased by approximately \$10,000,000, bringing it to \$65,117,566. As a result, a stronger commitment is needed here and a \$200,000 increase in addition to the 2% required by our financial policies is recommended in the FY 16 budget.

The attached chart (OPEB Comparative Data) shows our comparative contributions with like communities to date. Indeed, this one area could be the difference between maintaining our bond rating and increasing it to the highest level, AAA. The interest rate incurred for borrowing funds for capital expenditures is directly impacted by the Town's credit rating. This is critically important as the Town moves forward with implementing the Public Facilities Master Plan.

When determining overall budget and staffing needs as well as normal departmental expenses, increasing fixed costs such as FICA, pension and health insurance will prevent dollar allocations in non-employee line items. That is why it becomes critical to provide fair but affordable contract settlements for employees, specifically allowing growth within the limits of our annual 2.5% revenue increases.

As the Town's chief fiscal, administrative and personnel officer, it is my direct responsibility to weigh all of these needs and recommend to the Board of Selectmen, Advisory Committee and Capital Planning Committee what is needed most not only during the 12 months of the fiscal year but for several years out and allocate resources in those areas accordingly. Our goal is to always move forward while remaining effective in our service delivery, cost conscious of taxpayer dollars, and safeguard reserves for unforeseen occurrences.

The Town's operating and capital budgets are the culmination of months of work by town staff and the result is the most important document produced by your town government. It is our past, our present and what we need or hope for in the future.

### **Fiscal Year 15 Recap**

The state of the Town's finances remains healthy and the outlook for Fiscal Year 16, while not as robust, is favorable. In Fiscal Year 2016 however we will begin to see erosion in some of the financial gains we have made. This is because several line items are up considerably over FY 15 amounts. The minimum wage law will change twice in the next 18 months and with it comes a budgetary increase to fund salary increases in lifeguards and seasonal laborers among others. While gas prices have decreased over prior months, the Town's reimbursement rate for employee mileage, which was artificially low for years, has been adjusted by contract to reflect fair amounts.

Local receipts are on target and 2014 Free Cash was certified at \$2,701,923. \$420,120.00 of this was carryover from FY 14. Of this \$870,307.00 was allocated at the November 13th special town meeting. The majority of our Free Cash is primarily generated by departmental turn backs on the town side. This "surplus" becomes available for other uses at the end of the fiscal year and is referred to as "Free Cash." We always maintain a reserve of Free Cash of about \$500,000 for unanticipated expenditures such as cuts in local aid or weather events (see attached chart). In

accordance with our financial policies, the Town exclusively uses Free Cash for non-recurring items such as our capital program or for reserves (Stabilization, future debt).

Building and development continue to rise and our new growth remains on the upswing which has been reflected in the revenue projections for FY 16. Our revenue and expenditure forecasting tool continues to be expanded and provides accurate assumptions about what will occur in the coming year.

Our Wi-Fi in the Harbor project became fully operational in the fall and provides not only increased public safety communications but is an amenity provided free of charge to our residents and visitors there.

We continued to make significant inroads in the area of Foreshore Protection with a combination of grants, borrowing, taxation and Free Cash. A detailed chart of the Town's weighty financial and staff commitment since 2010 is included in this transmittal letter.

Numerous changes in staff have occurred again this year with a new Board of Health Director, DPW Superintendent, Town Engineer, Fire Chief, Assistant to the Board of Selectmen, two lieutenants, three firefighters, three police officers and several support staff. The new positions of Coastal Resource Officer (funded 30% by FEMA), Local Building Inspector and Property Maintenance Worker were also filled. These additions have already made a huge impact on how we are able to respond to building and development as well as our Hazard Mitigation and CRS programs. The positions of Manager of Social Services and Substance Abuse (FACTS) Coordinator (funded by a five-year federal grant) have been a tremendous benefit to our residents in terms of direct services and we have two outstanding individuals serving in these capacities that have accomplished quite a bit during their short tenure. The School Resource Officer position has also worked exceedingly well in its first year.

We will shortly welcome a new Harbormaster, Deputy Fire Chief and COA Volunteer Coordinator. Notably, the Town lacks a Human Resources Department. Most duties are decentralized among the Town Administrator's Office, Treasurer/Collector's Office and Accounting. The Department of Revenue Management Study conducted in 2013 strongly recommended the creation of an Assistant Town Administrator position to assist the Town Administrator with the growing demands of managing the Town, particularly in the area of personnel. As over 2/3's of our budget is salary this seems logical. Most residents do not realize that the operations of Scituate, especially for its size, are far more expansive than other communities as a result of coastal events and the services we provide around coastal issues in addition to having five enterprise funds and expanding our Clean Energy endeavors such as the solar array and wind turbine.

### **General Overview of Fiscal Year 2016 Budget**

Section 1 of the Budget Book details the current revenue and expense assumptions compiled by the financial team. The Financial Forecast Committee met in November and established the allocation of revenues between the Town and School for budget preparation and recommendations. As mentioned above, fixed costs are the major budget drivers. For FY 16,

the Town's pension assessment is projected to increase 8% (\$305,638). Along these same lines, our health insurance costs are estimated to be increasing for the first time in three years by 3%. These increases can severely impact budgets over time and leave little remaining for new initiatives or discretionary services and programs.

**Economic Development.** Phase II of the three-part study by the Metropolitan Area Planning Commission has just been completed. Under the auspices of the Economic Development Commission, the report makes recommendations for expanding the Town's business base. One of the recommendations includes the Town's adoption of Massachusetts General Laws Chapter 40R which will amend zoning to expand business development opportunities. The FY 15 EDC budget contained substantial funds for a variety of initiatives for branding and marketing the Town and for the creation of signage throughout the Town to better direct the public. An allocation was also made to the Economic Development Stabilization Fund created in 2013 and an additional \$10,000 is recommended for FY 16 which is funded from a 25% allocation of the Meals Tax, also adopted in 2013.

**Personnel.** In order to address the personnel needs outlined under the Fiscal Year 2015 Recap above, the position of Human Resources Specialist has been proposed for the Accounting Department. This part-time position will coordinate employee recruitment and advertising, screening and initial interviews for departmental staff in addition to assisting with collective bargaining issues, employee training and safety as well as insuring compliance with changes in state and federal employment laws.

Implementing the recommendations contained in the Fire Management and Staffing Analysis will also be a focus and the new Fire Chief, new Deputy Fire Chief and new Captain will be tasked with this. As of this writing the fire union contract remains unsettled after almost two years and is in mediation/arbitration. Funds have been set aside for the third year once this contract settles (in TA budget). Regrettably, bargaining for a successor contract will likely begin shortly after this four year contract is finally settled.

The Town's goals of increasing safety and enforcement along the waterfront will make important strides with the creation of a police marine unit in May of 2015. The new Harbormaster will possess training from an intermittent police academy and report to the Chief of Police from May to September. In addition, the police marine unit will be staffed by a current police officer and seasonal police officer during boating season. Increased enforcement at New Inlet, Scituate Harbor and along our beaches has been a long-time goal. We also anticipate significant increases in shark activity that we must be adequately prepared for.

**Building.** Much time has and will be devoted to building. We anticipate over 600 new units to be reviewed and permitted by Planning, Conservation and Building.

The approval of the library project and its attendant construction will figure prominently in our work the next two years. The library will be relocating to the Scituate Harbor Community Building and other programs and services will need to be located elsewhere. The Town has requested a waiver of the required library budget (10% maximum allowed) because of the reduced service during construction (FY 15 only).

The two proposed building projects, Public Safety and Middle School, will be determined in January 2015. If approved, the bonding and bidding of these projects will be priority one to maximize interest rates. This will be a major focus for the next three years and will be a big consumer in terms of time demands. It is recognized that if these projects come to fruition, along with the library, the Town's operation and maintenance costs for these buildings will also increase. Staff is working on these projected costs along with preparing a detailed five-year budget that illustrates where our cost increases will be so that we can be prepared.

**Enterprise Funds.** The town-wide water project continues into FY 16 and on the whole the first phase with three separate contracts worked very well and residents and businesses were cooperative and patient. With increased development we are looking closely at our sewer treatment demands and the advent of the next phase of the Sewer Master Plan. After several years of grant-funded projects and capital improvements, the Waterways Budget Retained Earnings are less than they have been in several years. It is recommended that the Waterways Commission, along with the new Harbormaster, review fees and expenditures for this operation early in 2015. Finally, because of favorable performance and in recognition of increased costs to taxpayers for facilities and infrastructure, the FY 16 TA budget recommends a \$10 reduction in the transfer station sticker fee.

**Capital.** The FY 16 budget allocates \$513,776.00 to the Capital Stabilization Fund created in 2012. This Fund continues to work well in earmarking of some funds for future high cost capital needs. Each year we are able to whittle away a little bit more on our rolling capital plan. However, because of pending public facilities projects, the FY 16 capital plan has been moderated to reflect the increase in our debt portfolio. Highlights include continued funding of school technology initiatives, security cameras in the harbor and turnout gear for firefighters. For a detailed overview of the FY 16 recommended Capital Plan please refer to the [www.scituatema.gov](http://www.scituatema.gov) on the Town Administrator's webpage.

## **FY 2016 Highlights**

The FY 2016 recommended budget incorporates the following criteria:

### **Expenditures**

- No Free Cash has been used as an offset for the operating budget
- No use of the Stabilization Fund has been used as an offset
- Assumes 7.8% increase in assessment for South Shore Regional School (student enrollment has increased in the prior year and we have also been advised to increase the school's stabilization fund for future capital needs)
- Allocates required funding for five union contracts (fire remains in arbitration as of 12/14) and non-union staff.
- Allocates and additional \$200,000 of Free Cash toward Town's OPEB liability
- Provides \$400,000 in funding for foreshore protection (\$200,000 Free Cash, \$200,000 General Fund). Please see supplemental discussion of Town's Foreshore Protection efforts at end of this Budget Message.
- Recommends one new .86 staff position.

- Allocates \$10,000 to Economic Development Stabilization Fund
- Allocates funds in Waterways for new Police Marine Unit
- \$513,776.00 allocated to Capital Stabilization Fund for future debt service: \$100,000 General Fund, \$163,776.00 from meals tax and \$250,000.00 of Free Cash.
- Funds hardware to bring Wi-Fi to Senior Center
- Allocates \$10,000.00 of beach revolving revenue to create a foot wash at Egypt Beach.

### Revenues

- The Town will use all of its levy capacity as allowed by Proposition 2½
- Local Aid projections have been level-funded
- New growth has been increased to reflect recent history
- Meals Tax revenue has been allocated to promote economic development (25%) and Capital Stabilization Fund to reduce future debt service
- \$100,000 of taxation has been allocated to the Capital Stabilization Fund in accordance with the intent of the Town's financial policy which endeavors to appropriate 2% -4% of net operating revenue each year to capital from taxation
- \$429,962.00 of Free Cash has been reserved as a safety net for any variations to the financial forecast for FY 16 and/or unexpected costs for the remainder of FY 15 (i.e. changes in local aid, fire overtime storm mitigation).
- A Sewer Stabilization Fund has been proposed to address future capital needs as well as reserve sewer betterments paid in advance.

### **Summary**

We are preparing a budget seven months in advance, so numbers can change and outside forces beyond our control can have huge impacts. A new Governor and cabinet will likely also set different priorities and some financial changes in revenue sharing will likely occur. That is why our financial tools serve as important guideposts in this process and are vital to our planning. The challenge for us continues to be meeting our physical plant and infrastructure needs while at the same time maintaining the high level of service and programs our residents have come to expect. This has been further complicated this year by crafting an operating and capital budget that does not know the outcome of the Public Facilities Master Plan. Some retooling will undoubtedly be necessary once this is known. The FY 16 recommended budget contemplates these challenges, provides resources in a fair and equitable manner to address many of them, and is balanced.

My sincere thanks to all town department heads and boards who thoughtfully consider their annual goals but were required to submit level-funded budget requests this year despite many noteworthy initiatives. My appreciation is also extended to the Board of Selectmen, Advisory and Capital Planning Committees who unselfishly volunteer their time over the next several months to insure Scituate remains the kind of community we all love being a part of.

Finally, thanks to my Assistant, Sheila Manning, who compiles both this budget and the capital plan on time each year, and to Finance Director Nancy Holt, whose organizational assistance and counsel during this year's process has made it the least taxing in many years.

Respectfully Submitted,

Patricia A. Vinchesi  
Town Administrator



## OPEB Comparative Data

Municipality	Date	Discount		Liability	Contributions			Trust Fund Established		
		Rate			ARC	to Date	% Funded			
Amherst	Dec-14	4.00%	\$	94,113,695	\$	6,368,392	\$	2,032,962	2.16%	Yes - PRIT Fund
Barnstable	Dec-13	5.25%	\$	130,000,000			\$	1,275,000	0.98%	Yes
Boxford	Dec-13	4%	\$	15,838,649			\$	550,000	3.47%	Yes-PRIT Fund
Braintree	Dec-13	4.00%	\$	189,000,000			\$	2,000,000	1.06%	Yes
Burlington	Dec-13	5.50%	\$	101,000,000			\$	1,250,000	1.24%	Yes
Canton	Dec-13	4.20%	\$	143,000,000			\$	550,000	0.38%	Yes
Dover	Dec-13	7.00%	\$	6,030,000			\$	2,900,000	48.09%	Yes
Duxbury	Dec-14	4.00%	\$	88,000,000	\$	3,547,665	\$	789,690	0.90%	Yes
Halifax	Dec-14		\$	11,244,212	\$	1,079,053	\$	90,000	0.80%	Yes
Hanover	Dec-14		\$	47,798,319	\$	4,209,078	\$	665,193	1.39%	Yes
Lexington	Dec-13	4.00%	\$	232,000,000			\$	-	0.00%	Yes
Longmeadow	Dec-14		\$	29,000,000	\$	3,200,000	\$	535,000	1.84%	Yes
Marshfield	Dec-14		\$	27,136,222	\$	5,021,053	\$	84,604	0.31%	Yes
Newton	Dec-13	2.00%	\$	601,800,000			\$	538,537	0.09%	Yes
North Andover	Dec-13	4.50%	\$	100,068,844			\$	-	0.00%	Yes
Norwell	Dec-14	4.5	\$	52,271,257	\$	4,208,496	\$	1,241,805	2.38%	Yes
Scituate	Dec-14	4	\$	65,117,566	\$	5,568,342	\$	379,742	0.58%	Yes
South Hadley	Dec-14		\$	34,583,687	\$	3,831,958	\$	75,000	0.22%	Yes-OPEB Stabilization
Sudbury	Dec-14	3.50%	\$	36,004,783	\$	3,359,128	\$	180,000	0.50%	Yes
Taunton	Dec-13	6.00%	\$	343,752,067			\$	-	0.00%	No
Wellesley	Dec-13	7.50%	\$	106,298,371			\$	32,500,000	30.57%	Yes
Westbury	Dec-13	4.00%	\$	5,790,000			\$	994,900	17.18%	Yes
Westborough	Dec-14		\$	44,200,000	\$	4,275,581	\$	-	0.00%	Yes
Weston	Dec-13	4.50%	\$	79,889,000	\$	3,831,958	\$	6,915,567	8.66%	Yes
Westwood	Dec-13	4.00%	\$	59,000,000			\$	1,200,000	2.03%	Yes
Winchester	Dec-13	4.00%	\$	59,000,000			\$	900,000	1.53%	Yes

26

Min	\$	5,790,000	\$	1,079,053	\$	-	0.0%
Max	\$	601,800,000	\$	6,368,392	\$	32,500,000	48.1%
Average	\$	103,920,641	\$	4,041,725	\$	2,217,231	4.9%
Median	\$	62,058,783	\$	4,020,227	\$	607,597	1.0%

Scituate to attain level		
Level	Amount Required	Additional Funding
Max	\$ 31,316,906	\$ 30,937,164
Average	\$ 3,164,991	\$ 2,785,250
Median	\$ 663,864	\$ 284,122



## Foreshore Protection Summary

The table below outlines the appropriations and grants received in support of foreshore protection from 2010 to the present.

<b>Seawalls/Foreshore Protection Appropriations 2010-15</b>			
Description	Authorization	Amount	Source
Seawall Repair	ATM, April 11, 2011, Art 2	\$500,000	Borrowing
Seawalls - Override*	ATM, April 11, 2011, Art 6	\$200,000	Tax Levy
Lighthouse Seawall/Revetment Repair	ATM, April 11, 2011, Art 17	\$475,000	CPA
Seawalls - Override*	ATM, April 9, 2012, Art 5	\$200,000	Tax Levy
Seawalls - Override*	ATM, April 9, 2013, Art 4	\$200,000	Tax Levy
Seawall Site Preservation	ATM, April 9, 2013, Art 12	\$200,000	CPA
Foreshore Protection Capital Stabilization	ATM, April 9, 2013, Art 12	\$129,000	Free Cash
Glades/Surfside /4th Cliff		\$95,848	FEMA; DCR grant
N Scituate Beach/Minot/1st-3rd Cliff		\$660,039	FEMA; DCR grant
Foreshore Protection	ATM, April 14, 2014, Art 5E	\$300,000	Borrowing
Seawalls - Override*	ATM, April 14, 2014, Art 6	\$200,000	Tax Levy
Foreshore Protection	ATM, April 14, 2014, Art 22	\$500,000	Borrowing
Oceanside Drive Seawall	STM, November 13, 2014, Art 15	\$2,000,000	State SRF Grant
Oceanside Drive Seawall	STM, November 13, 2014, Art 15	\$2,000,000	Borrowing
<b>Total</b>		<b>\$7,659,888</b>	

The FY 2014 general fund appropriation for foreshore protection included design and engineering for several sections of seawall including the following.

### FY14 Foreshore Engineering & Design Contracts

CLE Engineering (Contract #14-FS-53)	\$39,120	136 ft seawall at 136 Edward Foster Road
CLE Engineering (Contract #14-FS-50)	\$19,950	Feasibility study of Glades Road and Central Avenue offshore breakwaters and /or wave energy dissipation systems to protect coastline.
CLE Engineering (Contract #14-FS-51)	\$24,190	Engineering consulting services for Glades Road Beach Nourishment Project between Bailey's Causeway and Gannett Road – 1,850 feet.
CLE Engineering (Contract #14-FS-30)	\$19,950	Preliminary design and grant submission but no construction services of 760 feet of seawall along Oceanside Drive in the vicinity of 110 Oceanside Drive.
CLE Engineering (Contract #14-FS-19)	\$69,440	Design, plans and specifications, construction bidding services, grant submission and construction inspection of seawall and revetment along Oceanside Drive.

December 16, 2014

Currently, there is \$5.1M available to be applied to foreshore protection projects. Of that amount, \$4M is earmarked for the Oceanside Avenue seawall if the necessary easements can be obtained.

**Available Funds for Foreshore Protection**

	<b>Source &amp; Description</b>	<b>TM Authorization</b>	<b>Amount</b>
<b>1</b>	<b>Authorized &amp; Unissued Borrowings</b>		
	Foreshore Protection	Art 5E, ATM 04/2014	\$300,000
	Foreshore Protection	Art 22, ATM 04/2014	\$500,000
	Oceanside Ave. Seawall (SRF)	Art 15, STM 11/2014	\$2,000,000
<b>2</b>	<b>Capital Stabilization</b>	ATM 04/2013, Art 3G	\$129,000
<b>3</b>	<b>FY 15 General Fund Budget - DPW</b>	ATM 04/2014, Art 6	\$200,000
<b>4</b>	<b>Prior Grants - DCR 3784G</b>	ATM 04/2014, Art 6	
	SRF Grant for Oceanside	Art 15, STM 11/2014	\$2,000,000
	DCR (3784G)		\$31,599
	DCR		\$3,570
<b>Total Available Funds to Apply</b>			<b>\$5,164,169</b>

Town Side Budget - FY 2016

12/24/2014 8:02

FY2016

Dept #	Department	FY2015 Appr	Dept Requested	Town Admin Requested	Variance Dept/TA Requested	Comment
123	Board of Selectmen/Town Administrator	676,310	688,495	689,195	700	
131	Advisory Committee	7,875	7,914	7,914	-	
135	Town Accountant	258,497	275,009	332,744	57,735	\$10,000 OPEB Actuarial Study addition/PT HR Specialist
141	Assessors	264,010	203,199	202,849	(350)	
145	Treasurer/Collector	333,255	337,520	338,097	577	Add 5 hours to clerical
149	Administration	103,308	106,873	121,873	15,000	Fire Department Training
155	Information Technology	253,825	254,998	260,498	5,500	
161	Town Clerk	200,518	193,634	192,849	(785)	
171	Conservation Comm.	122,529	129,296	128,721	(575)	
175	Planning Board	168,833	175,618	173,185	(2,433)	Coastal Resource Officer funded by FEMA grant (35%)
176	Zoning Board of Appeals	28,757	27,474	22,339	(5,135)	
182	Economic Development	91,500	122,500	93,500	(29,000)	
210	Police	3,738,216	3,865,973	3,878,128	12,155	additional capital funds for 3rd cruiser
220	Fire	4,425,778	4,437,179	4,583,172	145,993	OT increased
241	Inspections	301,383	311,277	305,931	(5,346)	
295	Shellfish	11,874	12,176	11,871	(305)	
400	Public Works	2,654,414	2,708,578	2,664,314	(44,264)	
410	Facilities	458,251	475,545	545,514	69,969	Utility & radio communications public safety complex
423	Snow & Ice	495,401	497,113	497,112	(1)	
424	Street Lights & Beacons	190,000	205,000	200,000	(5,000)	
510	Health	139,022	136,407	136,282	(125)	
541	Council on Aging	317,928	340,867	314,239	(26,628)	
543	Veterans' Benefits/Svcs.	218,602	214,934	211,474	(3,460)	
549	Comm. on Disabilities	5,000	5,000	5,000	-	
610	Library	943,404	974,819	972,466	(2,353)	
630	Recreation	130,779	135,867	135,017	(850)	
650	Beautification	19,500	20,000	20,000	-	
691	Historical Buildings	11,350	14,478	13,000	(1,478)	
		<b>\$ 16,570,119</b>	<b>16,877,743</b>	<b>17,057,284</b>	<b>179,542</b>	

Town Share of Available Revenue	17,002,692.00	17,002,692.00
Economic Development-Meals Tax Portion	54,592.00	54,592.00
Surplus/(Deficit)	179,542	-

Dept #	Department	FY14 Expended	FY15 Approp	FY15 Expended to Date	FY16 Dept Request	FY16 Town Admin Recomm
123	Board of Selectmen/Town Administrator	\$316,314.72	\$676,310.00	\$194,294.29	\$688,495.00	\$689,195.00
131	Advisory Committee	\$4,085.98	\$7,875.00	\$1,231.57	\$7,914.00	\$7,914.00
132	Reserve Fund	\$27,681.01	\$90,000.00	\$0.00	\$90,000.00	\$90,000.00
135	Town Accountant	\$248,868.92	\$258,497.00	\$103,422.51	\$275,009.00	\$332,744.00
141	Assessors	\$185,548.73	\$264,010.00	\$157,367.32	\$203,199.00	\$202,849.00
145	Treasurer Collector	\$278,628.54	\$333,255.00	\$136,180.31	\$337,520.00	\$338,097.00
149	Town Administration	\$61,088.05	\$103,233.00	\$28,515.87	\$106,873.00	\$121,873.00
155	Information Technology	\$232,996.76	\$253,825.00	\$125,891.29	\$254,998.00	\$260,498.00
158	Tax Foreclosures	\$14,487.63	\$39,000.00	\$4,635.20	\$39,000.00	\$39,000.00
159	Cable TV	\$85,629.34	\$108,383.00	\$35,231.57	\$119,980.00	\$115,680.00
161	Town Clerk	\$152,943.34	\$200,518.00	\$91,468.63	\$193,634.00	\$192,849.00
171	Conservation	\$107,763.87	\$122,529.00	\$52,068.67	\$129,296.00	\$128,721.00
175	Planning Board	\$123,222.91	\$168,833.00	\$73,409.85	\$175,618.00	\$173,185.00
176	Board of Appeals	\$26,050.24	\$28,757.00	\$11,871.20	\$27,474.00	\$22,339.00
182	Economic Development	\$15,000.00	\$91,500.00	\$13,500.00	\$122,500.00	\$93,500.00
192	Liability/Property Insurance	\$391,352.59	\$430,000.00	\$425,302.49	\$473,000.00	\$473,000.00
210	Police Department	\$3,500,086.65	\$3,738,216.00	\$1,769,966.51	\$3,865,973.00	\$3,878,128.00
220	Fire Department	\$4,254,656.43	\$4,332,611.00	\$1,982,755.44	\$4,437,179.00	\$4,583,172.00
241	Inspections	\$220,745.26	\$301,383.00	\$125,404.79	\$311,277.00	\$305,931.00
295	Shellfish	\$11,184.05	\$11,874.00	\$5,604.76	\$12,176.00	\$11,871.00
300	School	\$31,316,850.86	\$32,812,582.00	\$12,035,525.83	\$34,010,486.00	\$34,010,486.00
310	South Shore Regional School	\$465,730.00	\$463,751.00	\$231,028.16	\$500,045.00	\$500,045.00
410	Facilities Department	\$324,167.13	\$458,251.00	\$127,515.29	\$475,545.00	\$545,514.00
400	DPW (411, 421, 422 & 429)	\$2,230,814.07	\$2,654,414.08	\$994,252.93	\$2,708,577.50	\$2,664,314.00
423	Snow & Ice	\$579,746.00	\$495,401.00	\$133,915.45	\$497,113.00	\$497,112.00
424	Street Lighting	\$190,000.00	\$190,000.00	\$91,359.60	\$205,000.00	\$200,000.00
510	Board of Health	\$143,580.25	\$139,022.00	\$53,843.50	\$136,407.00	\$136,282.00
541	Council on Aging	\$224,865.98	\$317,928.00	\$127,036.73	\$340,867.00	\$314,239.00
543	Veterans	\$182,517.98	\$218,602.00	\$90,458.29	\$214,934.00	\$211,474.00
549	Commission on Disabilities	\$0.00	\$5,000.00	\$0.00	\$5,000.00	\$5,000.00
610	Library	\$908,236.05	\$943,404.00	\$409,492.35	\$974,819.00	\$972,466.00
630	Recreation	\$124,642.76	\$130,779.00	\$56,731.44	\$135,867.00	\$135,017.00

549	Commission on Disabilities	\$0.00	\$5,000.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
650	Beautification	\$18,956.77	\$19,500.00	\$5,070.88	\$20,000.00	\$20,000.00	\$20,000.00
691	Historical Buildings	\$5,002.49	\$11,350.00	\$2,143.56	\$14,478.00	\$14,478.00	\$13,000.00
720	Debt Service	\$2,352,134.40	\$2,769,721.00	\$1,433,710.12	\$8,611,059.00	\$8,611,059.00	\$8,611,059.00
910	Non Contributory Pension	\$62,979.00	\$51,819.00	\$10,766.60	\$26,619.84	\$26,619.84	\$26,620.00
911	Plymouth County Retirement	\$3,656,599.00	\$3,912,852.00	\$3,912,852.00	\$4,224,602.00	\$4,224,602.00	\$4,424,602.00
912	Workers Compensation	\$257,000.00	\$257,000.00	\$257,000.00	\$257,000.00	\$257,000.00	\$257,000.00
913	Unemployment Insurance	\$40,132.99	\$75,000.00	\$9,429.62	\$75,000.00	\$75,000.00	\$75,000.00
914	Contributory Group Insurance	\$4,818,331.90	\$4,975,632.00	\$2,853,320.07	\$5,124,901.00	\$5,124,901.00	\$5,124,901.00
916	Federal Taxes	\$556,271.96	\$626,454.00	\$247,244.71	\$652,115.00	\$652,115.00	\$652,115.00
	<b>Grand Total</b>	<b>\$58,716,894.61</b>	<b>\$63,089,071.08</b>	<b>\$28,420,819.40</b>	<b>\$71,081,550.34</b>	<b>\$71,081,550.34</b>	<b>\$71,456,792.00</b>



## FISCAL YEAR 2016 BUDGET AND CAPITAL REVIEW TIMETABLE

\*charter/bylaws language provided for informational purposes only

<u>DATE</u>	<u>ITEM/OBJECTIVE</u>	<u>CHARTER/BYLAWS REF.</u>
10/20/14	Budget Instructions & Forms to Boards and Departments	Art. 4, Sec. 4-2 Art. 6, Sec. 6-4
10/20/14-10/31/14	Financial Team prepares revenue Expenses and Assumptions	
11/16/14& 12/02/14	Financial Forecast Committee Meets	
11/13/14	*Charter date Selectmen submit capital budget to Advisory Committee	Art. 6, Sec. 6-6d (five months before ATM)
10/21/14	Board of Selectmen Votes budget calendar	
11/03/14	Capital Budgets Due to Town Administrator	Art. 4, Sec.4-2, f Art. 6, Sec. 6-4
12/02/14	Board of Selectmen Open Warrant	
12/05/14	Departmental Non-Monetary Article Requests submitted to Town Administrator	Art. 4, Sec. 4-2, e-f
12/05/14	Departmental Budgets Due to Town Administrator	
12/08/14- 12/22/14	Budgets reviewed with depts, edited and compiled by Town Administrator/Finance Director	
12/16/14	Board of Selectmen Reviews Non-Monetary Article Requests	Art. 3, Sec.3-2b
12/16/15	Board of Selectmen Closes Warrant	
01/06/15	Budget & Supporting Materials Distributed to Board of Selectmen Advisory Committee & Capital Planning Committee	Art. 6, Sec. 6-5,a Bylaws, Sec. 20720,D
01/06/15	Town Administrator and Finance Director Present FY 15 Town Operating & Capital Budgets to Board of Selectmen	Art. 4, Sec. 4-2, f Art. 6, Sec. 6-2

<u>DATE</u>	<u>ITEM/OBJECTIVE</u>	<u>CHARTER/BYLAWE REF.</u>
01/06/15- 03/03/15	Board of Selectmen, Advisory Committee Review Departmental Operating & Capital Budgets Capital Planning Committee Reviews Requests	Art. 6, Sec.6-5 Art. 6, 6-6,b-c
01/07/15- 03/04/15	Capital Planning Committee Review of Town Administrator Recommended Capital Requests	
01/23/15	Financial Forecasting Committee Quarterly Calendar Year 2013 Forecast Due	Art. 6, Sec.6-7, b
02/13/15	*Bylaw dates Board of Selectmen submits warrant articles to Advisory Committee	Bylaws Sec. 20120 Bylaws Sec. 20720, C
01/06/15	Actual date submitted to Advisory	
03/10/15 (1/14/15)*	Board of Selectmen Votes Operating and Capital Articles, Signs Warrant, forwards to Advisory Committee	Art. 6, Sec. 6-6, d Art. 2, Sec. 2-5, c Art. 6,Sec.6-5,a
03/12/15	All articles approved by Advisory Committee	Art. 6, Sec. 6-6,d Bylaws, Sec. 20120
03/19/15	Warrants Delivered to Scituate Mariner	Newspaper deadline (7-14 days)
03/26/15	Warrants Published in Scituate Mariner	General Bylaws
03/27/15***	Bylaw Deadline for Posting of Special Town Meeting Warrant	
03/30/15	Statutory Deadline for Posting of Special Town Meeting Warrant	MGL Chap. 39, Sec. 9
03/27/15	Advisory Committee Report Available to residents with Capital and Financial Forecasting Reports	Bylaws, Sec. 10440 Art. 6, Sec. 6-6,e Art. 6. Sec. 6-7,b
03/24/15*	Board of Selectmen and Advisory Committee Public Hearing on the Budget	Art. 6, Sec. 6-5 Bylaws 20720, C
04/06/15	Statutory &Bylaw Deadline for Posting Annual Town Meeting Warrant	MGL Chap. 39, Sec. 9
04/13/15	2015 Annual and Special Town Meeting	Art. 2, Sec. 2-4/ Bylaws Sec. 20100

\*\*\*this may change if General Bylaw amendment passes at Fall STM

**SELECTMEN, ADVISORY AND CAPITAL PLANNING COMMITTEES  
BUDGET MEETING SCHEDULE**

**FISCAL YEAR 2016**

By charter, the Town Administrator conducts an in-depth review of each departmental line item with an emphasis on full explanations for all requested expenditures in making recommendations to town officials (exclusive of School Department). The recommended operating and capital budgets are then independently reviewed by the Board of Selectmen, Advisory Committee and Capital Planning Committee.

*This is the proposed schedule for review of departmental budgets with the Board of Selectmen, Advisory Committee and Capital Planning Committee.*

**Board of Selectmen**  
**Review with Dept. Head**

**Advisory Committee**  
**Review with Departments**

**Capital Planning**  
**Review with Depts.**

**12/16/14**  
**Non-Monetary Article**  
**Review**

**01/06/15**  
**Fire**  
**Police**  
**Facilities**  
**Selectmen**  
**Town Administrator**  
**Administration**  
**Insurance (General &**  
**Unemployment), Res. Fund**  
**Workers' Compensation**  
**Disability Access, Advisory,**

**01/08/15**  
**Fire**  
**Advisory Comm./Res. Fund**  
**Facilities**  
**Selectmen**  
**Town Administrator:**  
**Administration,**  
**Insurance, Workers**  
**Comp., Unemployment**  
**Disability Access**

**01/07/15**  
**TA presents capital plan**  
**Police**

**01/20/15**  
**Assessors**  
**Town Clerk**  
**Library**  
**Inspections, ZBA**  
**Widow's Walk**  
**Finance Director/Town Acct.**  
**IT**

**01/15/15**  
**Assessors**  
**Widow's Walk**  
**Library**  
**Inspections, ZBA**  
**Finance Director/Town Acct.**  
**Town Clerk**

**01/21/15**  
**Facilities**  
**Widow's Walk**  
**Library**  
**Fire**  
**IT**

**02/03/15**  
**Shellfish**  
**Waterways Enterprise**  
**Shellfish**  
**DPW Admin/Eng.**  
**DPW Highway & Grounds**  
**Snow and Ice**

**01/22/15**  
**Police**  
**Waterways Enterprise**  
**Shellfish**  
**IT**

**02/05/15**  
**DPW**  
**Water Enterprise**  
**Sewer Enterprise**  
**Transfer Station**

*Street Lights  
Water Enterprise  
Sewer Enterprise  
Transfer Station*

*02/17/15  
Beautification  
Historical  
Council on Aging  
Recreation  
Planning  
Conservation/Coastal Res.  
Board of Health  
Veterans*

*03/03/15  
South Shore Regional VTHS  
School Department  
Treasurer/Collector  
Health Insurance  
Pension/Non Contrib.  
FICA  
Debt and Interest  
Tax Foreclosure  
Capital Budget Review*

*03/10/15  
Review of Items by Petition  
Other Items  
Vote All Articles*

*01/29/15  
DPW Admin/Eng.  
DPW Hwy & Grounds  
Snow and Ice  
Street Lights  
Water Enterprise  
Sewer Enterprise  
Transfer Station*

*02/05/15  
Planning  
Conservation/Coastal Res.  
Beautification  
Historical.  
Council on Aging  
Veterans Services  
Board of Health  
Recreation*

*02/12/15  
Treasurer/Collector: Health Ins  
Pension/FICA/Debt& Interest/  
Tax Foreclosure  
South Shore Regional VTHS*

*02/19/15  
Review of Articles by Petition*

*02/26/15 in reserve*

*03/5/15  
School Department*

*03/12/15  
Other Town Mtg. Items  
Vote all articles*

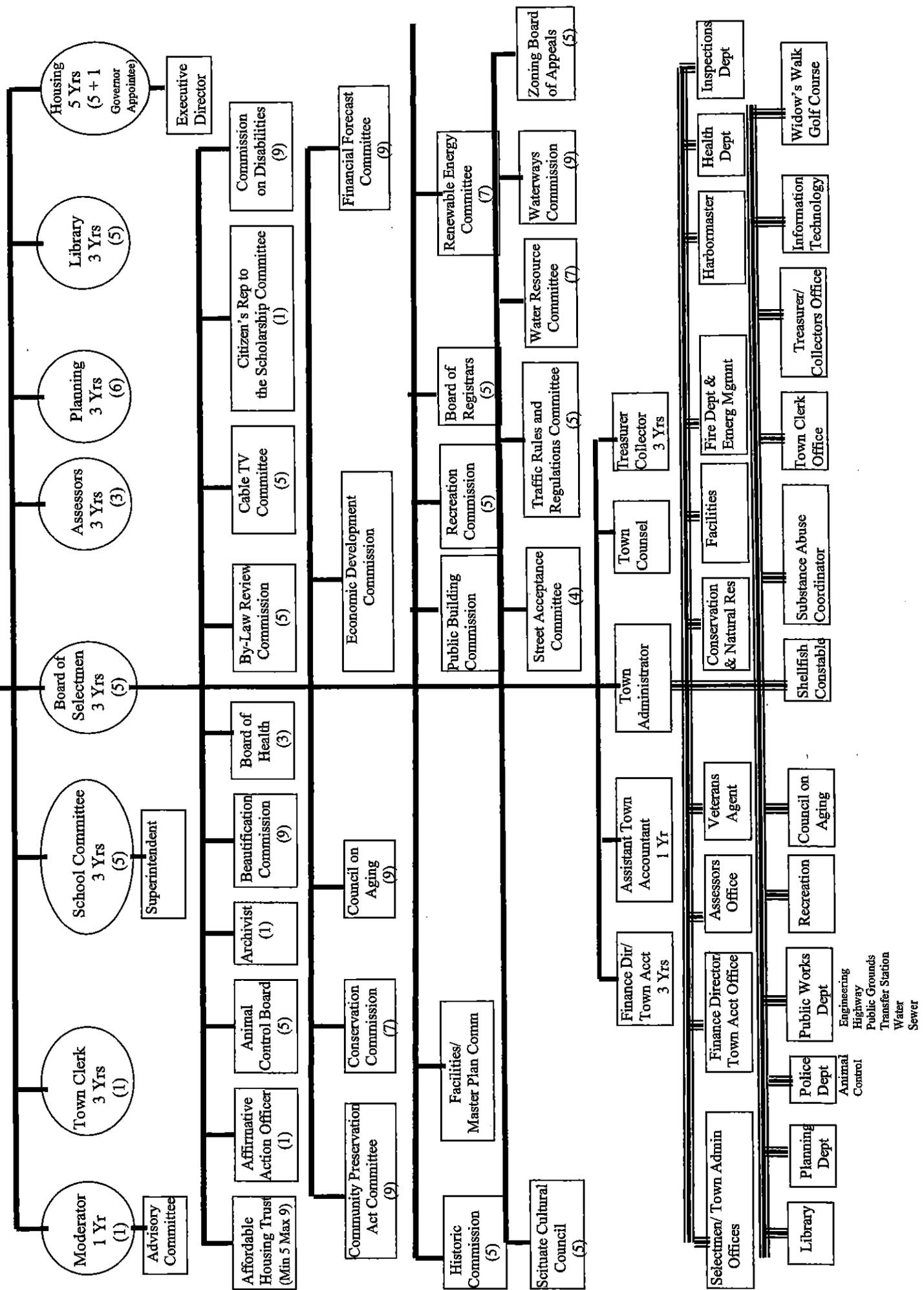
*02/18/15  
Council on Aging  
Recreation  
Waterways*

*03/04/15  
School Department  
Other Items*



# TOWN OF SCITUATE, MA

Voters



### *Town Organization Summary by Department*

Finance/Accounting	Nancy Holt, Finance Director/Town Accountant
Assessor	Steve Jarzembowski, Director of Assessing
Building	Neil F. Duggan, Building Commissioner & Zoning Enforcement Officer
Cable Studio	John Roser, Cable Studio Manager
Chief Procurement Officer	Patricia A. Vinchesi
Conservation	Patrick Gallivan, Conservation & Natural Resources Officer
Emergency Management	John Murphy, Acting Emergency Mgt. Director
Facilities Management	Kevin Kelly, Facilities Director
Harbormaster	Open
Information Technology	William Sheehan, IT Director
Library	Jessi Finnie, Library Director
Planning	Laura Harbottle, Town Planner
Plumbing	Phillip Von Inderstein
Police	W. Michael Stewart, Chief of Police
Public Health	Jennifer Keefe, Director, Board of health
Public Works	Kevin Cafferty, Director of Public Works
Recreation	Jennifer Vitelli, Maura Glancy, Co- Recreation Directors
Shellfish Constable	Joseph H. Strazdes
Town Administrator	Patricia A. Vinchesi
Town Clerk	Kathleen Curran
Treasurer/Collector	Pamela J. Avitabile
Veterans Services Officer	Donald Knapp
Widow's Walk Golf Course	Robert Sanderson, Director of Golf

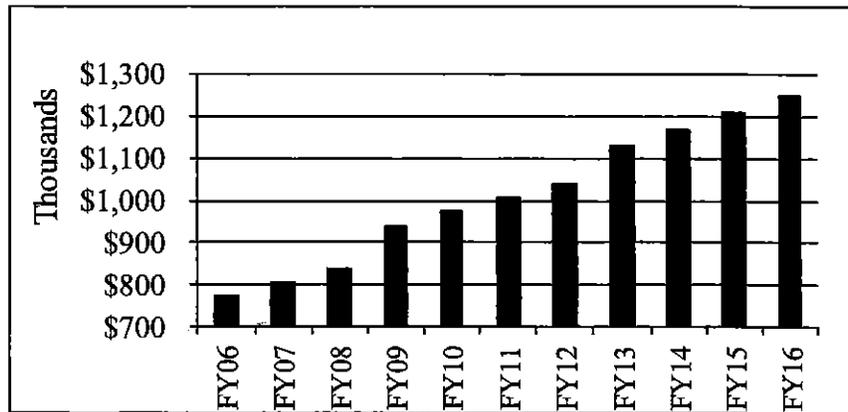
**TOWN OF SCITUATE**  
**FY 2016 BUDGET ASSUMPTIONS**  
As of November 24, 2014 at 6:55 PM

**REVENUE ASSUMPTIONS**

**1. Levy Limit**

The Town is allowed to increase its tax levy limit 2.5% from the previous year's base. This will increase the limit in FY 16 by an estimated \$1,253,430.

FY 16	\$1,253,430
FY 15	\$1,209,127
FY 14	\$1,166,926
FY 13	\$1,128,773
FY 12	\$1,040,580*
FY 11	\$1,007,833
FY 10	\$ 974,994
FY 09	\$ 939,576
FY 08	\$ 838,673
FY 07	\$ 807,252
FY 06	\$ 775,592

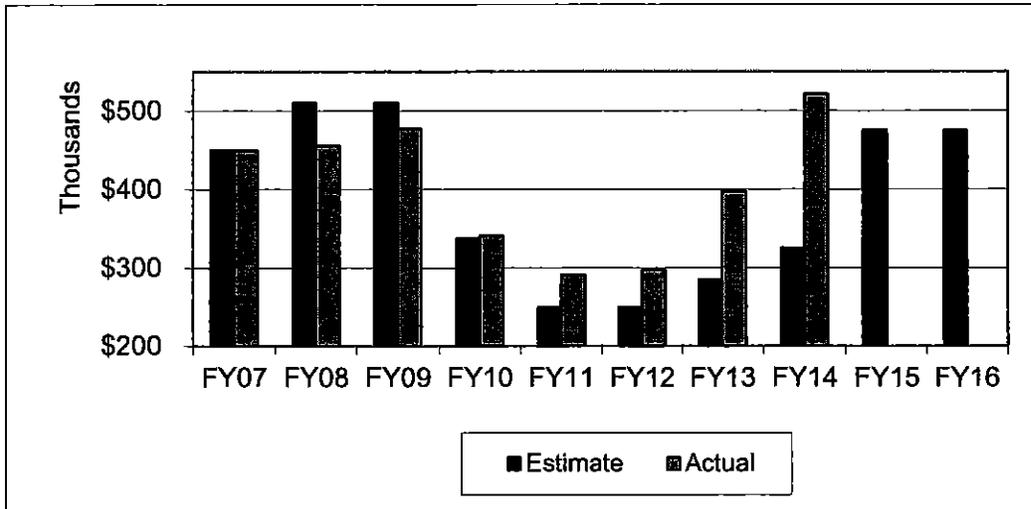


\*General Fund Operating Override

**2. New Growth**

FY 16 new growth is estimated by the Assessors to be \$500,000.

<u>New Growth</u>	<u>Estimate</u>	<u>Actual</u>
FY 16	\$ 500,000	
FY 15	\$ 475,000	\$ 563,000+YTD
FY 14	\$ 325,000	\$ 521,126
FY 13	\$ 285,000	\$ 397,351
FY 12	\$ 260,000	\$ 296,981
FY 11	\$ 250,000	\$ 300,000
FY 10	\$ 337,500	\$ 340,459
FY 09	\$ 510,000	\$ 477,143
FY 08	\$ 510,000	\$ 455,725
FY 07	\$ 450,000	\$ 449,578
FY 06	\$ 500,000	\$ 490,833

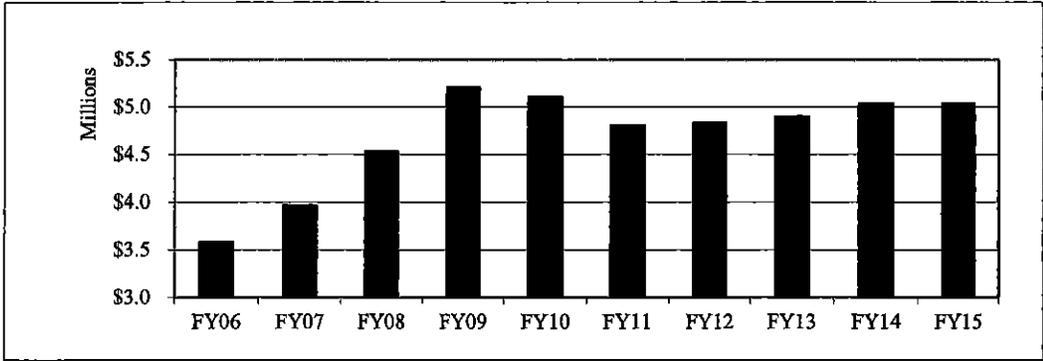


**Trend:** The Town has seen a significant increase in building starts the past year after several years of moderate growth. The FY 2015 new growth was positively impacted by the completion of the solar array. It is expected that growth will continue into FY 2016 as year-to-date building activity continues to be favorable.

### 3. Chapter 70 Aid

	Actual	December Estimate	Variance
FY 16		\$5,110,701	
FY 15	\$ 5,110,701	\$5,034,826	\$ 75,875
FY 14	\$ 5,034,826	\$4,897,576	\$137,250
FY 13	\$ 4,957,576	\$4,832,136	\$125,440
FY 12	\$ 4,832,136		
FY 11	\$ 4,806,334		
FY 10	\$ 5,104,541		
FY 09	\$ 5,208,715*		
FY 08	\$ 4,529,951		
FY 07	\$ 3,965,346		
FY 06	\$ 3,580,818		

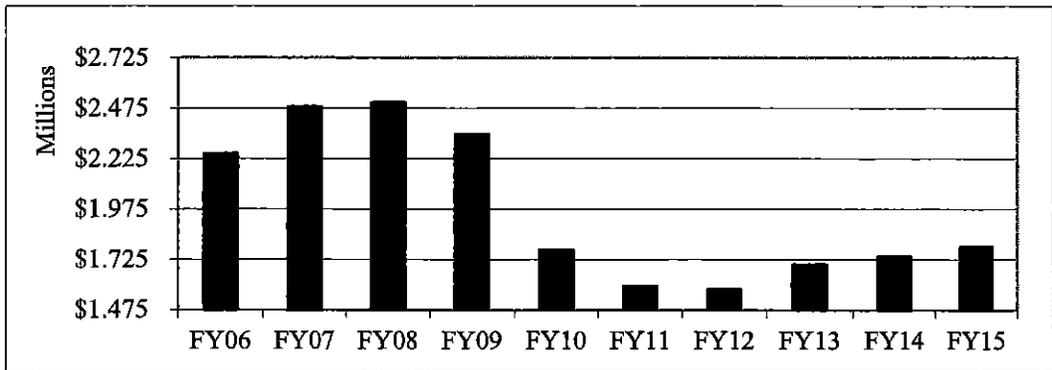
\* In FY 09 American Recovery and Reinvestment Act (ARRA) funds were applied as a grant to supplement Chapter 70 payments from the Commonwealth in the amount of \$547,771.



**Trend:** Chapter 70 Aid is estimated to be level-funded at this time. However, the actual amount is not known for certain until March of 2016 or later. This is one of several sources of revenue that is reviewed for budget purposes in January and may be need to be revised. The FY 16 amount is estimated to be level funded at \$ 5,110,701.

**4. Unrestricted Aid (formerly Lottery Aid and Additional Assistance)**

<u>Actual Unrestricted Aid</u>			
FY 16	\$1,790,063		
FY 15	\$1,790,063		
FY 14	\$1,741,761		
FY 13	\$1,701,540		
FY 12	\$1,578,512		
FY 11	\$1,701,540		
FY 10	\$1,772,437		
	<u>Lottery Aid</u>	<u>Additional Assistance</u>	<u>Total</u>
FY 09	\$ 1,469,986.00	\$ 875,037.00	\$ 2,345,023
FY 08	\$ 1,628,696.00	\$ 875,037.00	\$ 2,503,733
FY 07	\$ 1,607,467.00	\$ 875,037.00	\$ 2,482,504
FY 06	\$ 1,376,394.00	\$ 875,037.00	\$ 2,251,431

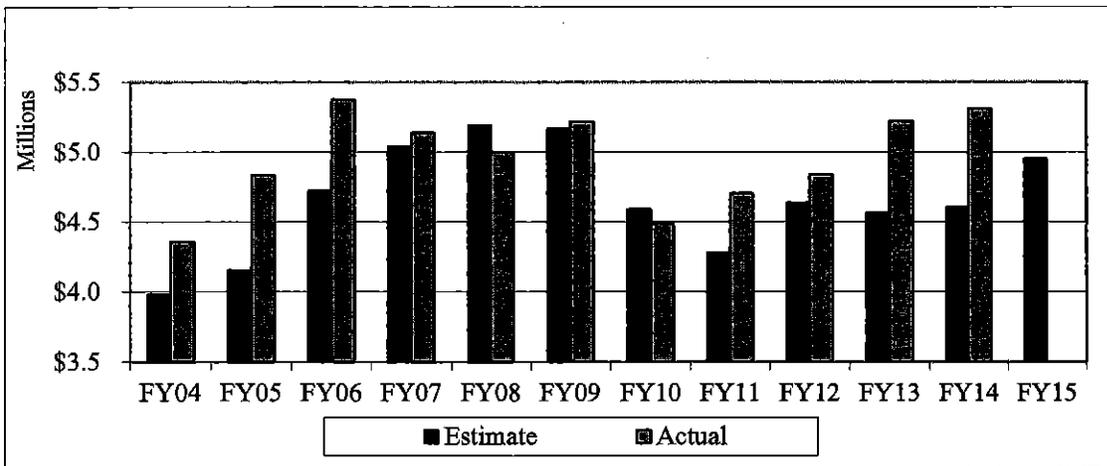


**Trend:** FY 16 local aid revenues are expected to remain level at this time. The Governor's budget is filed the end of January, but estimated numbers from House Ways and Means are more reliable and these figures are used for projections. While local aid did increase, the offsets to the

Cherry Sheet have started to noticeably increase as well resulting in net changes. Two areas in particular are Charter School and School Choice.

**5. General Fund Receipts**

	Estimated	Actual	Variance (+ or -)
FY 16	\$5,100,000		
FY 15	\$4,950,000	\$1,102,565	as of 10/31/14
FY 14	\$4,600,000	\$5,258,742	\$ 658,742
FY 13	\$4,565,000	\$5,221,089	\$ 656,089
FY 12	\$4,634,681	\$4,837,975	\$ 203,294
FY 11	\$4,276,778	\$4,702,426	\$ 425,648
FY 10	\$4,589,063	\$4,486,115	\$(102,948)
FY 09	\$5,168,792	\$5,217,955	\$ 49,163
FY 08	\$5,188,506	\$4,996,497	\$(192,009)
FY 07	\$5,039,270	\$5,138,939	\$ 99,669
FY 06	\$4,722,199	\$5,375,970	\$ 653,771
FY 05	\$4,153,348	\$4,835,603	\$ 682,255
FY 04	\$3,980,602	\$4,356,942	\$ 376,340

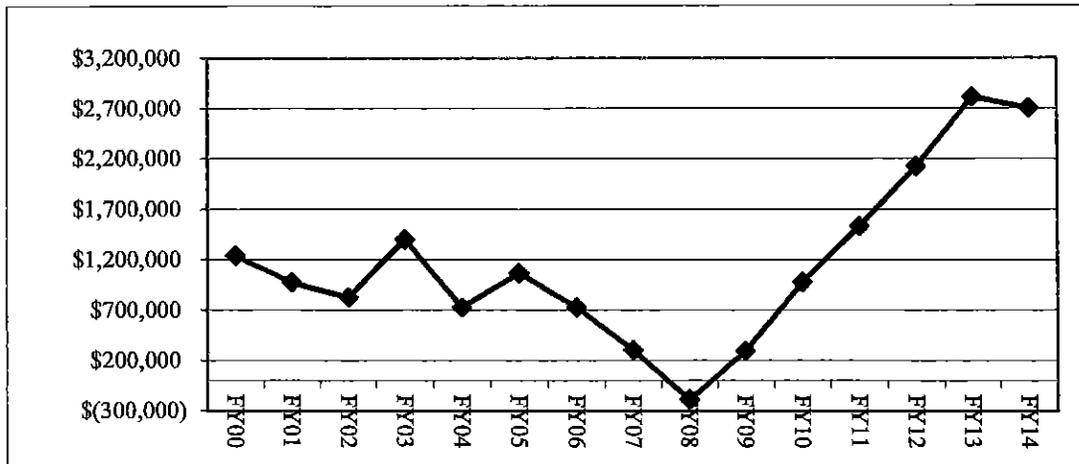


Trend: FY 14 General Fund Receipts increased by \$658,742 from the prior year. Motor vehicle excise increased by \$259,328, ambulance receipts increased by \$158,854, penalties and interest decreased by \$156,063 and licenses and permits increased by \$102,903. As of 10/31/2014, FY 15 is above FY 14 by \$7,002 at the same time. We will reanalyze after second quarter receipts are received but a modest increase of \$100,000 is projected here.

**6. Certified Free Cash**

FY 14	\$ 2,701,923
FY 13	\$ 2,813,553
FY 12	\$ 2,123,316
FY 11	\$ 1,528,822

FY 10	\$ 976,826
FY 09	\$ 293,677
FY 08	\$ (189,322)
FY 07	\$ 302,274
FY 06	\$ 725,852
FY 05	\$ 1,063,518
FY 04	\$ 725,976
FY 03	\$ 1,399,184
FY 02	\$ 824,415
FY 01	\$ 972,405
FY 00	\$ 1,236,316



**Trend:** Since FY 10, the Town has not used Free Cash to subsidize recurring operating budget costs. Our bond rating increase in FY 13 was as a direct result of this financial policy and we will continue to adhere to it. Free Cash will continue to be used for pay-as-you go capital, to replenish the Stabilization Fund when those funds are used for emergency responses and allocate to Capital Stabilization Fund for debt service and/or large capital acquisitions..

The sixth year of the new budget process and fiscal discipline continues to improve the Town's financial position. FY 14 Free Cash is certified at \$2,701,923. Of this, \$870,307 was spent at the November 13, 2014 special town meeting for the pay down of landfill capping and bulky waste building debt and as a 25% town match for Hurricane Sandy FEMA funds for roadway work. An additional \$400,000 was transferred into the Capital Stabilization Fund for future capital projects. FY16 budgetary projections will also consider an increased allocation to Other Post Employment Benefit costs (OPEB).

## 7. Tax Title Collection

### Tax Title Collections

Actual (Tax &  
Special  
Assessments)

Interest/Fees

FY15	\$132,727	\$51,560 as of 09/30/2014
FY14	502,191	134,158
FY13	320,576	71,860
FY12	666,821	213,453
FY11	371,222	80,692
FY10	487,299	81,414
FY09	357,677	121,085
FY08	212,162	51,136
FY07	163,096	33,400
FY06	80,183	12,731
FY05	143,859	21,837
FY04	61,836	16,568

**Deferral Collections**

	<u>Actual (Tax &amp; Special Assessments)</u>	<u>Interest/Fees</u>
FY15	\$ 4,101	\$ 743 as of 09/30/14
FY14	\$31,698	\$ 3,821
FY13	38,988	12,473
FY12	49,555	15,503
FY11	99,669	69,734
FY10	69,765	30,482
FY09	86,045	50,129
FY08	25,051	7,179
FY07	10,313	699
FY06	54,910	25,548
FY05	12,400	4,390
FY04	15,649	3,040

**Trend:** The Town remains aggressive in its stance with collecting tax titles and pursuing foreclosures. The Treasurer/Collector continues to be dogged in personally contacting delinquent property owners and placing them on payment plans. This results in legal cost savings for tax title. The Town has foreclosed on three homes in the past three years. Two have been auctioned and one will be auctioned before the end of the calendar year.

**8. Medicaid Reimbursement**

<u>Medicaid Reimbursements</u>	<u>Estimated</u>	<u>Actual (Net)</u>	<u>Variance</u>
FY 16	\$ 35,000		
FY 15	\$ 50,000	\$ 11,027	as of 10/31/2014
FY 14	\$ 97,600	\$ 50,501	
FY 13	\$ 97,600	\$ 66,166	(\$31,434)

FY 12	\$123,432	\$ 69,569	(\$53,773)
FY 11	\$100,000	\$123,342	\$23,342
FY 10	\$160,972	\$ 97,600	(\$ 63,372)
FY 09	\$141,763	\$160,972	\$ 19,209
FY 08	\$184,848	\$141,763	(\$ 43,085)
FY 07		\$187,848	
FY 06		\$113,611	
FY 05		\$ 97,715	
FY 04		\$ 50,154	

Trend: As projected, these revenues will be inconsistent and decline each year.

### 9. Wind Turbine Revenue

The wind turbine was commissioned March 29, 2012. A revolving fund established for the revenue subsidizes electrical costs for all public facilities. The FY 13 net between what the Town paid to Scituate Wind LLC and what the Town received from National Grid was \$137,318. In FY 14 the turbine produced a positive net balance of \$205,459 in the revolving fund. Revenues stay with the Revolving Fund so any surpluses would be transferred at year-end by a vote at town meeting. Approximately \$120,000 is anticipated for FY 16. Please note if the turbine ceases operating under the current program for any reason, the revenue, and potential liability exposure for the Town increases exponentially. Approximately \$100,000 of wind turbine revenue per year has been identified as a revenue offset for future capital building projects.

	Projected Revenue	Amount Received
FY 16	\$120,000	
FY 15	\$120,000	\$19,229 as of 10/31/14
FY 14	\$120,000	\$205,495
FY 13		\$95,437

### 10. Solar Array Revenue

The solar array on the Town's capped landfill began operating the end of September 2013. The 3.0mw solar array at 280 Driftway is expected to match the other half of the Town's total electrical consumption resulting in the Town of Scituate being the first community in Massachusetts to be 100% clean energy. A second revolving fund was established to receive and disburse monies associated with the production of this electricity. FY 15 will be the second year of operation and revenue projections are conditional at best but are estimated to be in the range of \$93,000. FY16 is projected to be \$110,000.

Please note that the financial mechanisms for handling the intake and expenditure of revenues for both the wind turbine and the solar array may change. The Town of Scituate is the first community to be generating these revenues and the Department of Revenue has to catch up to see what it will require from municipalities for the reporting and handling of these revenues and Scituate will be the model. The Town did enter into a net metering credit allocation agreement in April 2014 with South Shore Vocational Technical High School to utilize a portion of the

Town's energy credits which were in excess of 100%. The Town received \$.09 per kWh of net metering credit purchased monthly from the school through April 2017. Solar array revenue of approximately \$100,000 per year has been identified as a revenue offset for future capital building projects.

	Projected Revenue	Amount Received
FY 16	\$110,000	\$
FY 15	\$93,000	\$255,516 as of 11/17/2014
FY 14*	\$70,000	\$(25,637)

\*only three quarters in operation and excess liquidated damages of \$94,022 refunded to contractor

### 11. Meals Tax

At the April 2013 annual town meeting the Town voted to approve the adoption of the meals tax. The disbursement of revenue from DOR is different the first year of acceptance before receipts fall into a regular schedule.

	Revenue Projected	Amount Received
FY 16	\$218,368	
FY 15	\$218,368	\$73,942 as of 11/17/2014
FY 14*	\$204,871	\$164,190

\*partial year of revenue in year of adoption

Trend: Projections based on DOR recommendations with 0% increase in future years until more experience with the revenue source is accumulated. For FY16, a portion of meals tax revenue has been identified as a revenue offset for future capital building projects. The FY15 budget allocated 25% of meals tax revenue to fund initiatives recommended by the Economic Development Committee. This amount will be revisited by the Financial Forecast Committee annually.

### EXPENSE ASSUMPTIONS

1. A balanced budget is required by law.
2. **Collective Bargaining/Non-Union Staff**

Of the 11 bargaining units in Town (five Town, six school) contract costs are as follows:

A 1% wage increase in the TOSCA contract is	\$ 12,673	expired 6/30/17
A 1% wage increase in the Laborer's contract is	\$ 19,333	settled through 2016*
A 1% wage increase in the AMP contract is	\$ 14,378	6/30/17
A 1% wage increase in the IBPO contract is	\$ 17,999	6/30/17

A 1% wage increase in the IAFF contract is \$ 27,826 expired 6/30/13 - in arbitration  
A 1% wage increase for non-union staff \$ 16,312, 1 individuals

The School Department contracts (1%,1.5%,1.5%) expire June 30, 2015.

### 3. Net School Spending

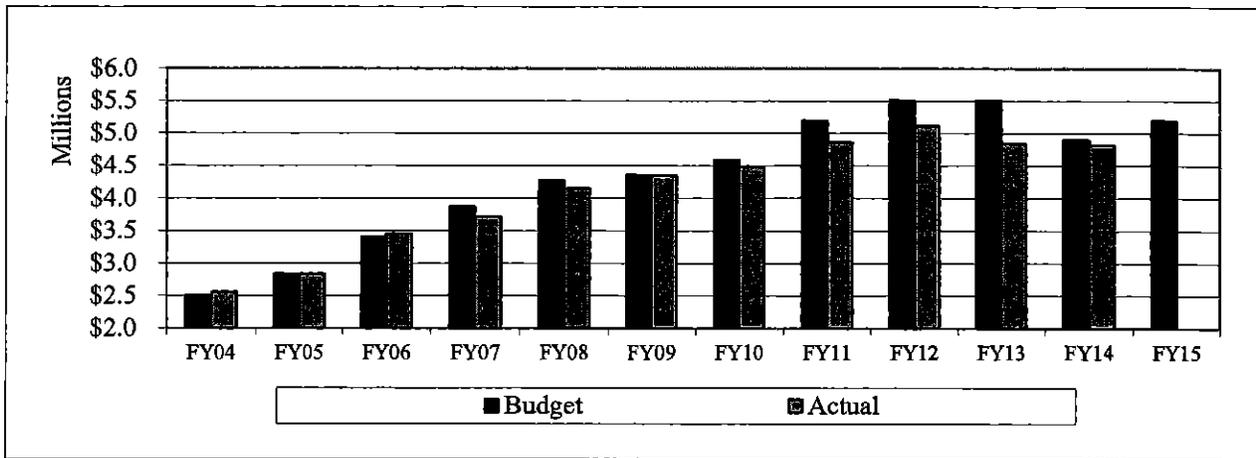
	Net School Spending	Minimum Threshold	Variance (+/-)
FY 14	35,729,040	29,063,695	6,665,345
FY 13	34,928,281	28,420,385	6,507,896
FY 12	34,230,587	27,631,498	6,577,530
FY 11	31,036,772	27,070,686	5,506,031

The Town of Scituate Net School Spending amount as budgeted for FY 14 exceeded the minimum amount required under the education reform formula by \$6,665,345.

### 4. Contributory Health and Life Insurance

In FY 13 plan design changes were negotiated for all employees as the result of new legislation passed in 2012 amending MGL Chapter 32B by adding new sections (21a-23). The Town accepted these provisions to address challenges in increasing health care costs. An agreement was executed with all collective bargaining units and retirees through June 30, 2015. Health insurance rates are not received from the Mayflower Municipal Health Group (MMHG) until January-February. At this time we are carrying 3% increase. However, we believe this is a conservative number and it is likely the FY 16 rate increase will be less. The FY 12 and 13 strong surpluses shown below were as a result of negotiating changes in health care. The budget for FY14 and forward reflects these plan changes and will therefore not generate surpluses as in prior years.

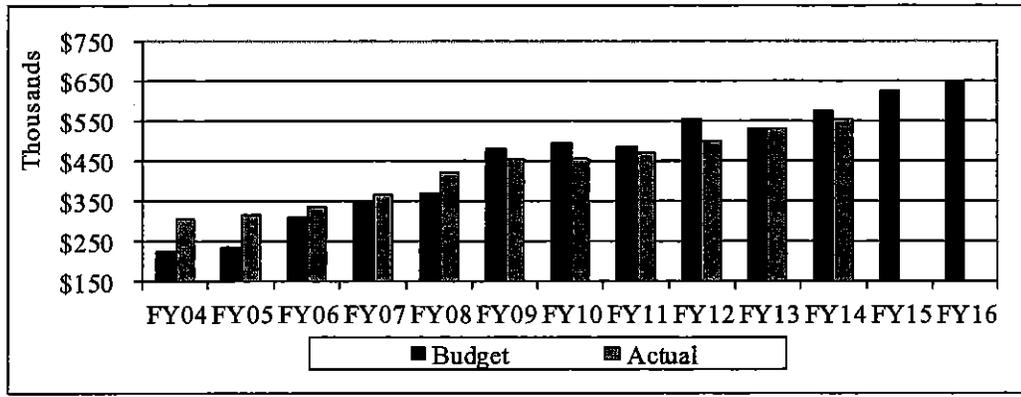
	Budget	Actual	Variance
FY16	5,124,901		
FY15	4,975,632	1,634,804	as of 10/31/2014
FY14	4,900,000	4,818,332	81,668
FY13	5,508,907	4,839,479	669,428
FY12	5,508,907	5,115,061	393,846
FY11	5,193,724	4,860,286	333,438
FY10	4,586,242	4,474,572	111,670
FY09	4,353,000	4,351,147	1,853
FY08	4,272,554	4,145,935	126,619
FY07	3,866,882	3,716,529	150,353
FY06	3,398,250	3,452,726	(54,476)
FY05	2,837,000	2,837,000	0
FY04	2,500,000	2,556,014	(56,014)



**Trend:** Rates are voted by the Mayflower Municipal Health Group in January or February after the Town budget is submitted. We have been verbally informed by MMHG to plan on a 3% increase for FY 16 which is reflected here. The Town has experienced 0% increases in premiums from MMHG since FY12. Fluctuations throughout the year in the total enrolled census and claims experience also have minor impacts.

**5. Medicare/FICA**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
FY16	\$ 652,115		
FY15	626,454	180,116	as of 11/17/2014
FY14	574,729	556,272	18,457
FY13	528,423	531,517	(3,094)
FY12	552,876	498,252	54,624
FY11	487,000	469,321	17,679
FY10	494,266	456,025	38,241
FY09	479,266	456,514	22,752
FY08	370,000	420,846	(50,846)
FY07	343,000	366,255	(23,255)
FY06	308,000	336,356	(28,356)
FY05	237,000	314,263	(77,263)
FY04	226,000	306,781	(80,781)



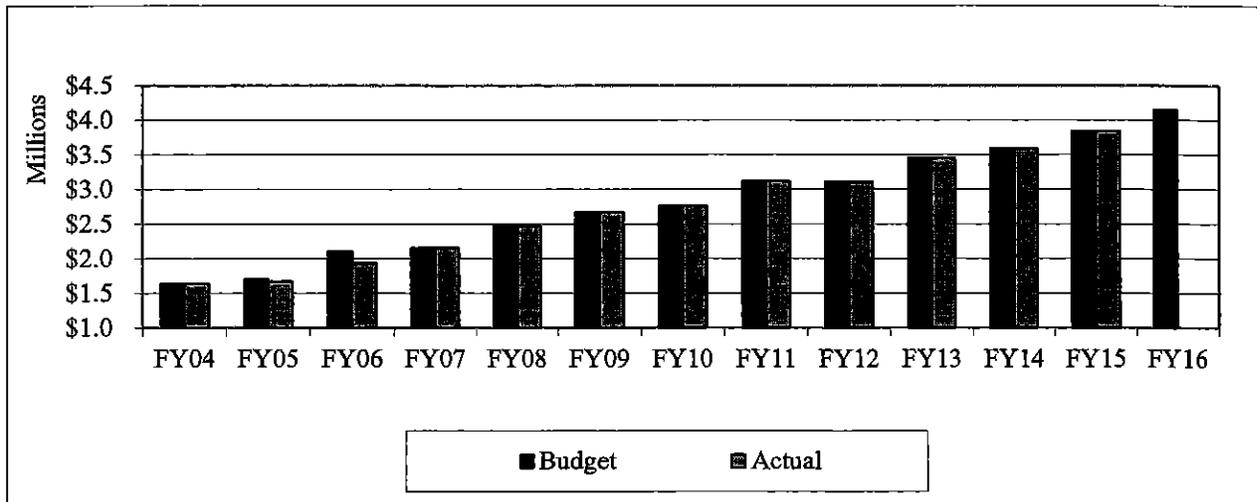
**Trend:** This line item will continue to increase as the exempt employee population decreases and wage scales increase.

**6. Retirement Assessment (Contributory and Non-Contributory)**

The FY 16 Retirement Assessment will increase to \$4,141,767. FY 15 marks the first year the revised mortality tables are reflected in each community's rate. It is expected that future increases will be at least 8% annually to reflect the new mortality tables. This is a budgetary expense that will need to be planned for each fiscal year going forward and will impact other budgets. \$75,000 was previously transferred into the Stabilization Fund for this increase.

Contributory

	Budget	Actual	Increase (Decrease) over Prior Year	
			Amount	%
FY16 est.	\$ 4,141,767		305,638	8.0%
FY15	3,836,129	3,836,129	271,270	7.0%
FY14	3,584,859	3,584,859	140,648	4.1%
FY13	3,444,211	3,444,211	341,164	11.0%
FY12	3,103,047	3,103,047	(14,983)	(.5%)
FY11	3,118,030	3,118,030	359,680	13.0%
FY10	2,758,350	2,758,350	89,738	3.4%
FY09	2,668,612	2,668,612	204,444	8.3%
FY08	2,464,168	2,464,168	310,920	14.4%
FY07	2,153,248	2,153,248	224,088	11.6%
FY06	2,104,099	1,929,160	260,988	15.6%
FY05	1,698,327	1,668,172	27,264	1.7%
FY04	1,640,908	1,640,908		



Non Contributory

	Budget	Actual	Variance
FY16	26,357		
FY15	65,319	8,613	as of 10/16/2014
FY14	62,979	62,979	0
FY13	62,979	62,979	0
FY12	73,590	61,809	11,781
FY11	88,094	80,878	7,216
FY10	87,094	86,320	774
FY09	107,000	84,557	22,443
FY08	105,000	89,208	15,792
FY07	102,462	95,156	7,306
FY06	94,700	91,389	3,320
FY05	113,161	104,978	8,183
FY04	119,500	103,824	15,676

Trend: The pension assessment is a volatile budgetary item as noted despite the member communities continued attempts at seeking some level of consistency in assessment increases. Many existing retirees retired at 5% contribution levels (as opposed to the current rate of 9+2% for active employees) which will continue to result in increases in significant amounts for the next several years. The Town does avail itself of making a one-time payment (versus semi-annual) to avert additional interest costs from the County which results in a 2% annual savings on the assessment. The Town's FY16 assessment will be received in early December.

In FY14, we had three retirees still receiving non-contributory pensions as a result of being enrolled before the current contributory retirement system was established and this amount increased with annual cost of living adjustments. In the first quarter of FY15, two of the three retirees have passed away.

**7. Other Post-Employment Benefits (OPEB)**

Created at the April 2011 Annual Town Meeting, this Fund is a reserve to cover the cost of the unfunded liability of the Town's future health care costs for employees and retirees. A new actuarial study needs to be performed biennially and the most recent study was completed in October 2013. The unfunded accrued liability as of June 30, 2011 was \$53,916,330. The unfunded accrued liability as of June 30, 2013 is \$65,117,566. Some of this increase was attributable to an error in the prior study which undercounted the total census by 100 lives.

The Town's financial policy is to allocate 2% of the annual retirement assessment into this fund. Year-end transfers in FY13 and FY14, for \$75,000 and \$12,900 respectively, have assisted in building this account and this practice will continue to the extent possible. That being said, the 2% annual amount is not as robust as the bond rating agencies would like. In addition to the 2% annual amount an additional \$100,000 is being recommended.

Year	Allocation	Balance 6/30
FY 16	\$182,835	
FY 15	\$ 76,723	\$379,547 as of 10/20/14
FY 14	\$ 84,640	\$296,559
FY 13	\$143,884	\$209,227
FY 12	\$ 64,983*	\$ 65,023

\*created in 2011; FY 12 first-year of appropriation

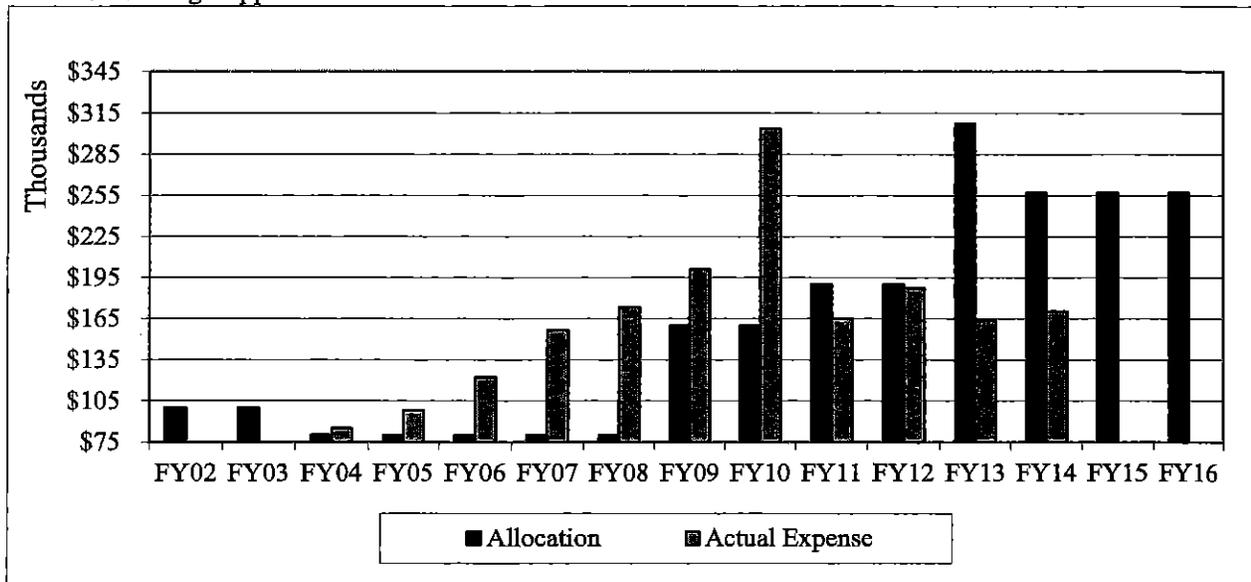
Trend: The Town lags on this fund because it was not created sooner (2011). An allocation of funds must be made each year. It is reviewed for the auditor's management letter as a federal mandate, and a critical review component for bond rating agencies.

### 8. Workers' Compensation

	Budgetary Allocation On June 30 (FY total)	Actual Expense	Variance	Fund Balance as of June 30th
FY 16	\$ 257,000			
FY 15	\$ 257,000	\$ 46,013	as of 11/17/14	
FY 14	\$ 257,000	\$ 170,049	\$ 86,951	\$457,768
FY 13	\$ 307,161	\$ 163,511	\$143,650	\$369,888
	budgeted			
FY 12	\$ 265,000	\$ 187,169	\$ 77,831	\$225,931
FY 11	\$ 285,000	\$ 164,938	\$120,062	\$148,009
FY 10	\$ 160,000	\$ 303,738	(143,738)	
FY 09**	\$ 160,000	\$ 201,012	(41,012)	
FY 08	\$ 80,000	\$ 173,476	(93,476)	
FY 07	\$ 80,000	\$ 156,587	(76,587)	
FY 06	\$ 80,000	\$ 122,407	(42,407)	
FY 05	\$ 80,000	\$ 98,220	(18,220)	
FY 04*	\$ 80,000	\$ 84,865	(4,865)	
FY 03	\$ 100,000	\$ 57,974	\$42,026	

FY 02      \$ 100,000                      \$ 51,720                      \$48,280

\* Line of Duty included in expenditures included from FY 04 to FY 09.  
 Separate insurance now.  
 \*\* New budget approach

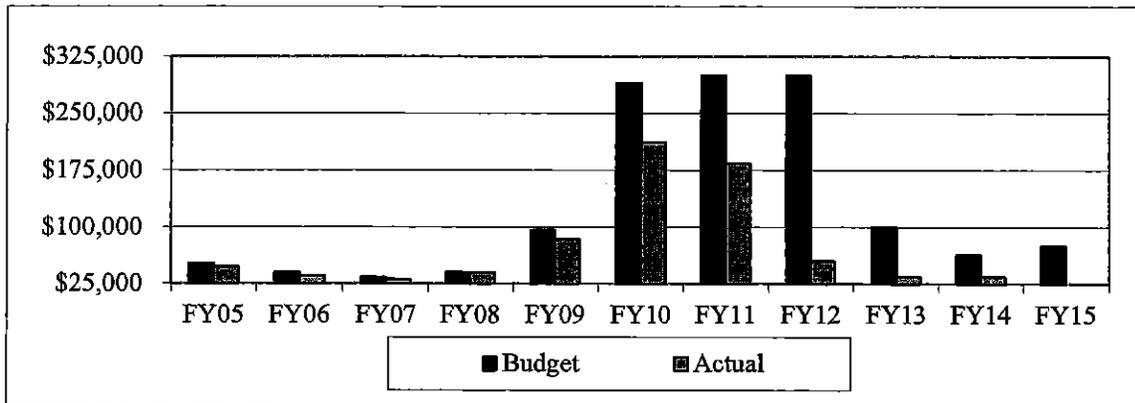


Trend: Before FY 11 this account was severely under-funded. An accounting change in FY 11 has helped mitigate costs somewhat, however the cost obligations for this fund will continue to be high based on settled claims prior to FY 10. Stop/Loss coverage will guard against substantial medical claims. The fund goal is to have the Fund Balance sufficient enough such that the interest generated can pay the premium and other administrative costs for the fiscal year while still being able to handle a permanent disability claim. The Fund goal is \$750,000. The current fund balance as of 11/17/14 is \$669,139. It is hoped that FY 16 will be the last year the full \$257,000 will be needed to be allocated as the fund balance will have been reached. In FY 11, FY12 and FY 13, year-end transfers were made to this account from surplus health insurance funds in order to address the shortfalls in this account. This Fund must cover all medical and other costs of employees injured on the job.

### 9. Unemployment

	Appropriated	Actual	Variance
FY 16	\$ 75,000		
FY 15	\$ 75,000	\$ 5,180	as of 10/31/14
FY 14	\$ 64,000	\$ 40,133	\$ 23,867
FY 13	\$ 92,500	\$ 34,610	\$ 59,890
FY 12	\$300,000	\$ 55,148	\$244,852
FY 11	\$300,000	\$184,232	\$115,768
FY 10	\$290,000	\$211,607	\$ 78,393
FY 09	\$ 96,000	\$ 83,600	\$ 12,400
FY 08	\$ 40,000	\$ 39,461	\$ 539
FY 07	\$ 33,000	\$ 30,549	\$ 2,451

FY 06	\$ 39,775	\$ 35,262	\$ 4,513
FY 05	\$ 51,699	\$ 47,186	\$ 4,513



Trend: This fund was increased in prior years in anticipation of layoffs as a result of the economic downturn. Budgetary reductions have resulted as the employee census stabilized.

### 10. Special Education

	<u>Outside Placements</u>	<u>Circuit Breaker Reimbursements</u>
FY 15	\$ 2,475,000	\$ 660,000
FY 15	\$ 2,403,000	\$ 660,000
FY 14	\$ 2,218,138	\$ 781,123
FY 13	\$ 2,264,763	\$ 943,008
FY 12	\$ 2,233,054	\$ 837,738
FY 11	\$ 2,014,783	\$ 366,754
FY 10*	\$ 2,111,352	\$ 406,452
FY 09	\$ 1,900,319	\$ 948,368
FY 08	\$ 2,210,065	\$1,130,603
FY 07	\$ 2,197,483	\$1,010,035
FY 06	\$ 2,087,901	\$ 605,719

\* Reflects reduction from 72% to 38%

Trend: The FY15 estimated projection was based on current students.

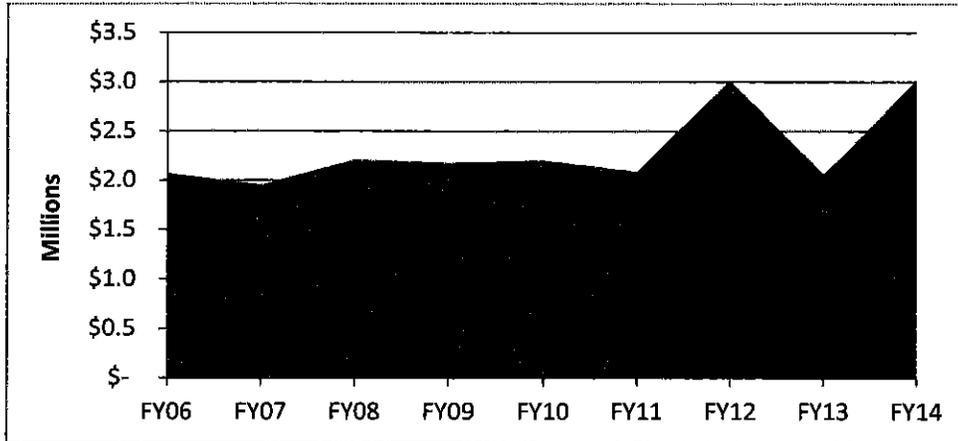
### 11. Stabilization Fund

An allocation should be made each year to the Stabilization Fund. Interest earned by the Stabilization Fund will be allocated back into it and used for capital purchases.

	<b>Appropriated</b>	<b>Interest</b>	<b>Expended</b>	<b>Balance 6/30</b>
FY 14	\$ 955,500	\$ 6,943	\$ 488,074	\$3,179,055
FY 13	\$ 0	\$ 7,057	\$ 955,500	\$2,061,481
FY 12	\$ 917,333	\$ 8,129	\$ 0	\$3,009,925
FY 11	\$ 10,218	\$ 10,527	\$ 138,315	\$2,084,462
FY 10	\$ 9,415	\$ 15,814	\$ 0	

FY 09	\$ 169,850	\$ 42,242	\$ 243,942
FY 08	\$ 486,436	\$ 71,942	\$ 305,000
FY 07	\$ 162,593	\$ 106,890	\$ 385,000
FY 06	\$2,065,446*	\$ 75,347	\$ 70,000

\*Beginning Balance/Chart reflects appropriations after beginning balance in FY 06

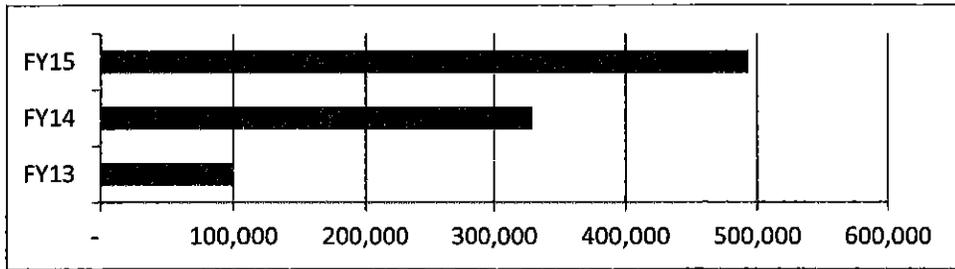


**Trend:** The Town supported a substantial allocation into the Stabilization Fund at the 2011 STM. \$955,500 in funds used for the four major FY 13 storms was replenished at the November 2013 special town meeting. An additional \$576,424 allocation to the fund was made at the April 2013 annual town meeting as well as an additional \$75,000 to offset increases in the FY 15 pension assessment.

## 12. Capital Stabilization Fund

Created at the November 2012 Special Town Meeting, the intent of the fund is to allocate monies for larger capital acquisitions or costs that cannot be absorbed in any one given fiscal year. This will help create stability over time with the intent of avoiding debt spikes. The balance before the fall town meeting was \$739,000. FY 14 marked the first time that the Town allocated a portion of the Town's tax levy (\$100,000) toward capital. In FY 15, the Town allocated 75% of the anticipated meals tax revenue to the fund. The Town's Financial Policies suggest 2% of the Town's net operating revenue which is approximately \$500,000. However, this is an excellent start and will continue as a fixed cost allocation in FY16. The November 2014 STM allocated an additional \$400,000 for free cash into this account to offset future debt.

	<b>Appropriated</b>	<b>Interest</b>	<b>Expended</b>	<b>Balance 6/30</b>
FY 15	\$ 563,776	\$ 52	\$ 0	\$893,254 YTD
FY 14	\$ 639,000	\$ 399	\$410,000	\$329,402
FY 13	\$ 100,000	\$ 4	\$ 0	\$100,004



To date, the allocations to the fund include the following purposes:

	<b>Amount</b>	<b>Purpose</b>
FY 15	\$163,776	Future debt service
	\$400,000	Future debt service
FY 14	\$375,000	Fire apparatus
	\$129,000	Foreshore protection
	\$35,000	Voting machines
	\$100,000	Future debt service
FY 13	\$100,000	Establish fund

### 13. Reserve Fund

	<b>Budgeted</b>	<b>Expenditures</b>	<b>Variance</b>
FY 15	\$90,000	\$ 0 as of 11/20/14	
FY 14	\$90,000	\$ 27,681	\$62,319
FY 13	\$90,000	\$ 6,837	\$83,163
FY 12	\$90,000	\$ 81,725	\$ 8,275
FY 11	\$81,871	\$ 31,000	\$50,871
FY 10	\$90,000	\$ 81,004	\$ 8,996
FY 09	\$90,000	\$ 90,000	\$ 0
FY 08	\$90,000	\$ 89,840	\$ 160
FY 07	\$90,000	\$ 86,460	\$ 3,540
FY 06	\$90,000	\$ 90,000	\$ 0
FY 05	\$90,000	\$ 90,000	\$ 0
FY 04	\$90,000	\$ 14,540	\$ 75,460

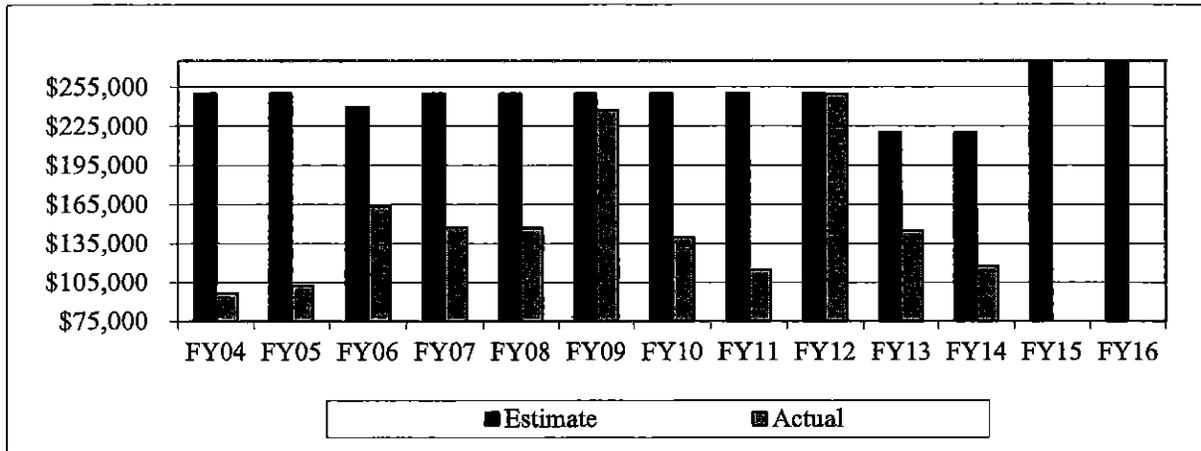
Trend: The Reserve Fund is for emergency or unforeseen events with expenditures voted by the Advisory Committee. This Fund has returned a surplus balance since FY 10.

### 14. Allowance for Abatements/Exemptions (Overlay)

The allowance for abatements and exemptions for FY 2016 will be approximately **\$275,000**.

	<u>Estimated</u>	<u>Raised</u>	<u>Actual</u>
FY 16	\$275,000		
FY 15*	\$275,000		

FY 14	\$220,000	\$220,000	\$117,559
FY 13	\$220,000	\$219,170	\$144,949
FY 12 *	\$250,000	\$250,000	\$249,524
FY 11	\$250,000	\$250,000	\$114,741
FY 10	\$250,000	\$250,000	\$139,784
FY 09*	\$200,000	\$250,000	\$237,203
FY 08	\$150,000	\$250,000	\$146,817
FY 07**	\$160,000	\$250,000	\$147,444
FY 06*	\$175,000	\$239,440	\$163,760
FY 05	\$125,000	\$102,140	\$102,140
FY 04	\$100,000	\$250,000	\$ 96,480



Trend: FY 15 is a revaluation year. The debt exclusion for the library and potentially for the public safety complex and new middle school will come into play for FY16 and the overlay has been adjusted accordingly. Our financial policies provide for a five-year rolling average review of the overlay reserve. The five year rolling average for FY15 is \$75,000. Part of this reserve (\$60,000) was used to fund the revaluation costs of \$70,000 in 2015.

\* Revaluation year/\*\* Veterans exemption allowance increased.

### 15. Maturing Debt and Interest (excluded Enterprise Fund Debt)

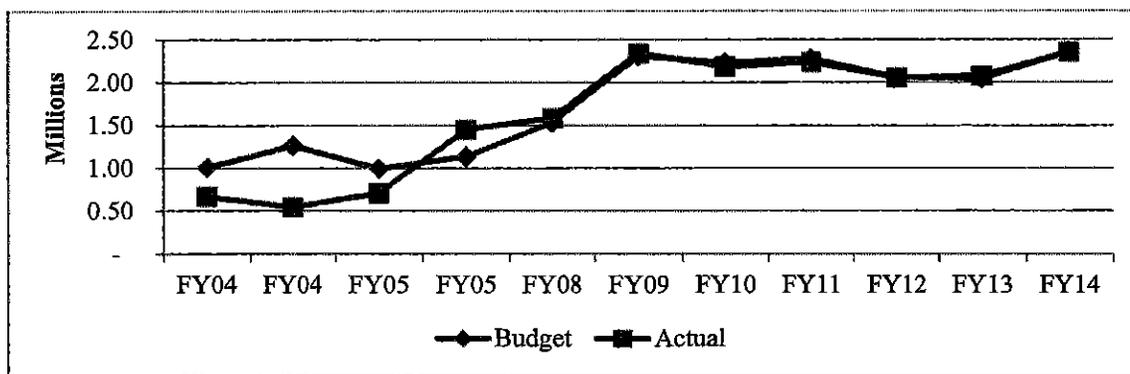
The FY 16 General Fund Debt amount is subject to change based on the planned issuance of a bond in March 2015 for approximately \$15M. Two potential debt exclusion votes for a new middle school and public safety complex could also be included in that bond. The amount shown includes existing debt, projects to be included in the March 2015 bond and the \$7M library debt exclusion.

#### General Fund Debt

	Budget	Actual	Debt Exclusion
FY16	3,145,721		\$ 2,238,803
FY15	2,365,652	934,164 YTD	\$ 873,330
FY14	2,362,633	2,352,134	\$ 909,771
FY13	2,047,600	2,030,758	\$ 913,561

FY12	2,055,490	2,054,055	\$ 928,401
FY11	2,276,194	2,235,778	\$1,106,450
FY10	2,228,430	2,181,743	\$1,150,750
FY09	2,307,447	2,338,486	\$1,182,550
FY08	1,534,883	1,585,447	\$ 934,674
FY07	1,135,089	1,453,354	\$ 923,300
FY06	994,210	707,530	\$ 587,114
FY05	1,265,623	546,134	\$ 940,200
FY04	1,007,078	668,320	

**Trend:** The Town's bond rating AA+ will be reviewed when we go out to market in 2015 and our goal is to insure we maintain this rating. Increases in this line item will continue and the financial policies direct that the amount rolling off for debt stay within the debt service line item to fund other much needed capital. Because of multi-million dollar building projects, General Fund debt will be moderated in FY16.



### 16. Capital Improvement Plan (CIP)

The Town's five-year rolling capital improvement plan requires a continuous commitment and investment of town funds for scheduled maintenance and replacement of equipment, facility maintenance and larger municipal projects. The Town's financial policies state that officials endeavor to allocate 2% of the Town's net operating fund revenue to the CIP from taxation. The 2% guideline is less than in some other comparable communities. As we have seen, delaying capital results in higher costs over time. The Capital Stabilization Fund provides a mechanism to address the Town's overwhelming capital needs. The \$100,000 raised by taxation is again recommended to be put into the Capital Stabilization Fund. The Public Facilities Master Plan will continue to play a key role in how funds are allocated for capital for the foreseeable future. Foregoing use of this financial tool is neither recommended nor prudent.

### 17. General Liability/Property Insurance

	Budget	Actual	Variance
FY16	473,000		
FY15	430,000	424,738	YTD
FY14	430,000	391,353	38,647

FY13	495,000	383,039	51,900
FY12	425,000	434,939	(9939)
FY11	404,200	404,844	(644)
FY10	460,000	460,000	0
FY09	448,007	444,101	3,906
FY08	447,000	434,288	12,712
FY07	437,572	437,572	0
FY06	426,139	426,139	0

Trend: General Liability Insurance was rebid in FY 13 resulting in a significant savings for the Town as was the case in FY 11. Our current provider does not provide rate renewal information until March thus making estimates difficult so the FY 16 amount of \$473,000 is projected as a 10% increase at this time. However, the Town, depending on claims history, is eligible for premium discounts and credits for safety and other training initiatives it undertakes, and that resulted in a \$8,208 reduction of premium in FY 15. Savings here has also resulted in the Town being able to add additional coverage and lines that were not previously covered which were recommended by the carrier.

**PROGRAM ASSUMPTIONS:**

Programs, services and staffing should be able to be maintained at current levels which for FY 16 depending upon contract settlements. However, increases in pension, OPEB and debt service may constrain discretionary budget allocations.

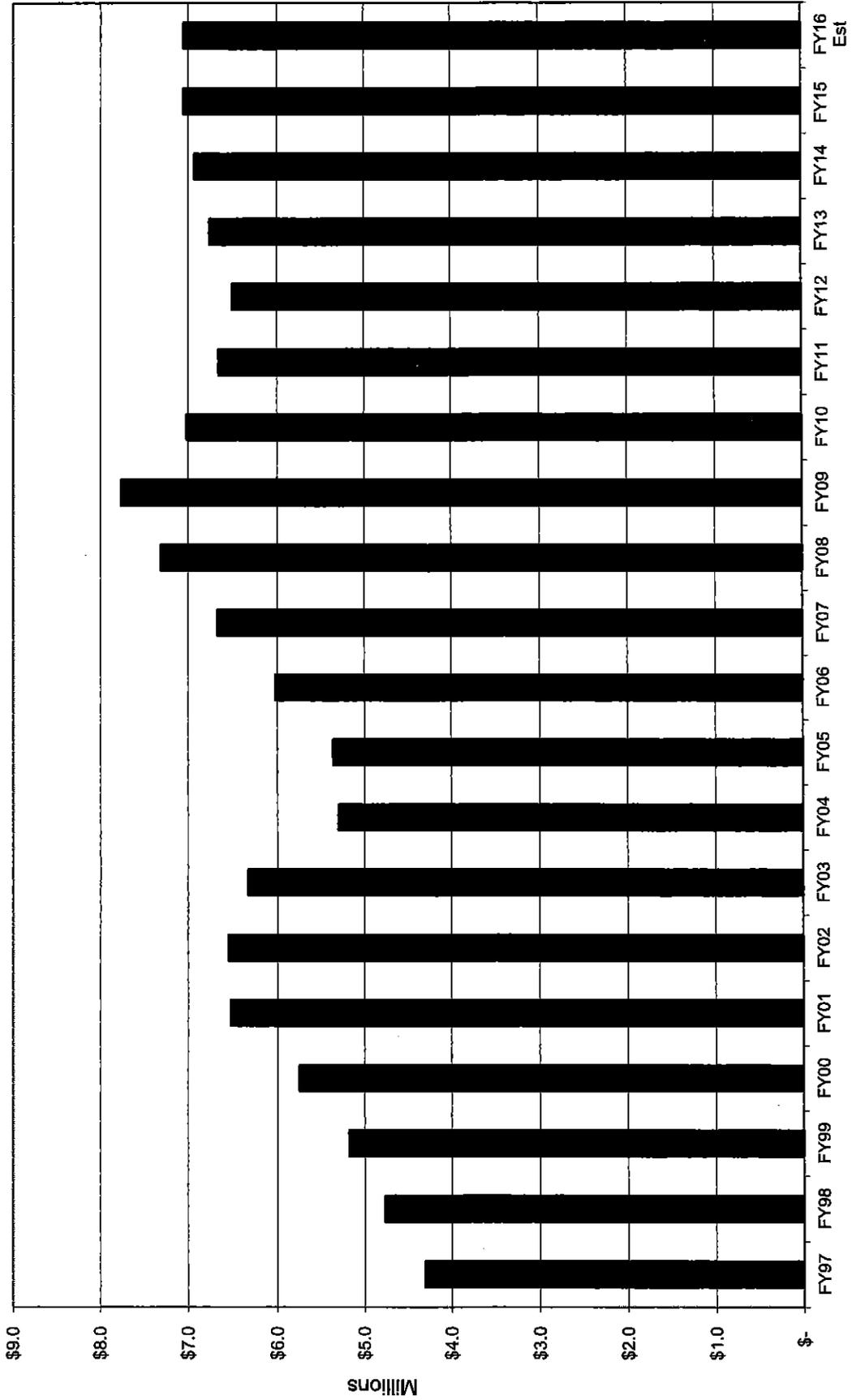
The availability of funds, prior year identified needs and priorities established by department heads and management performance will also be considered. The Town-side focus this year will be on public building maintenance and facilities as well as continuing staffing and capital needs.

Long-range budget and strategic planning substantiated by established goals and objectives will continue to guide us and has served us well the past few years.

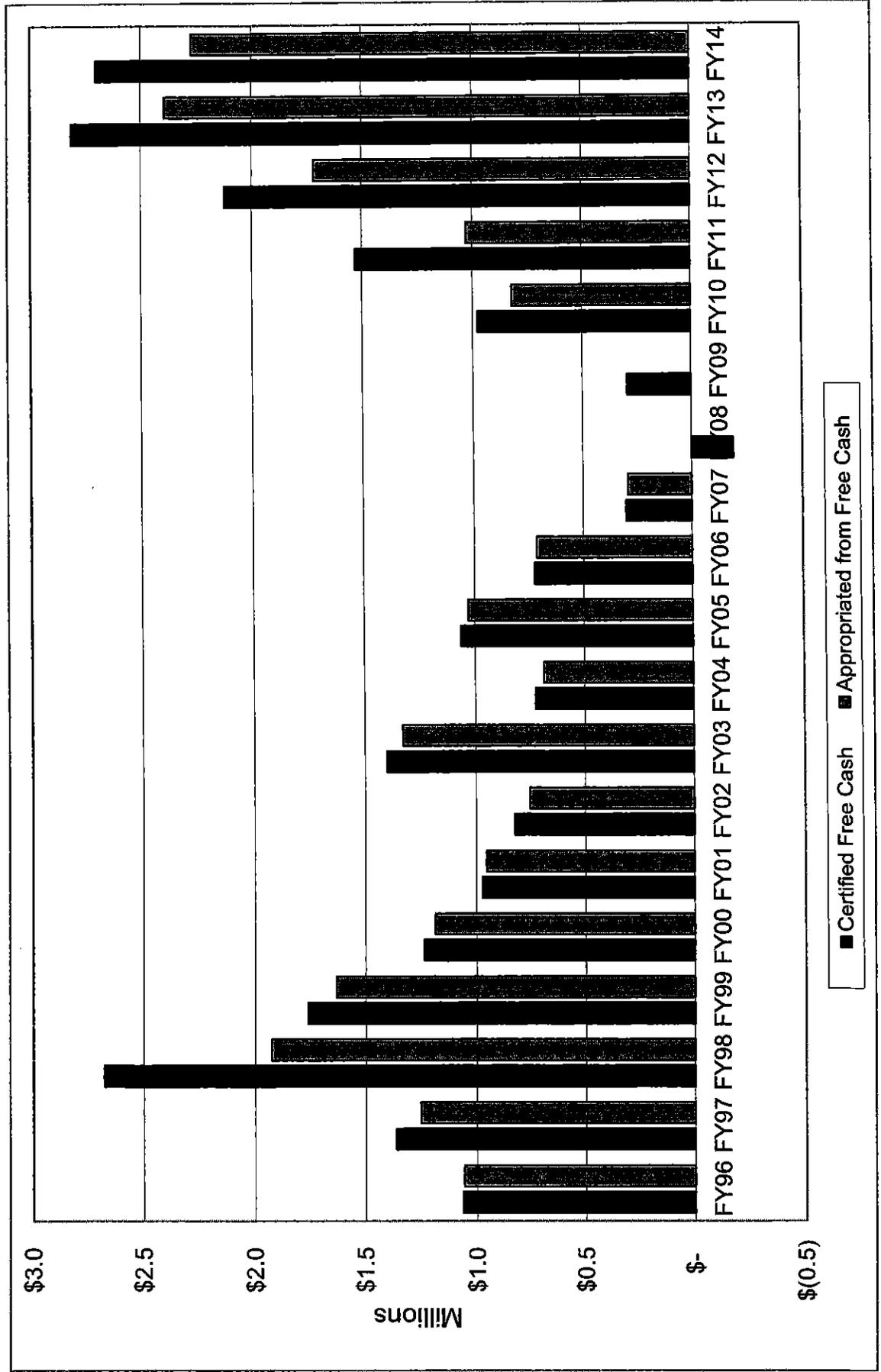
PAV;9/09  
Updated: 10/10  
Updated:10/11  
Updated 12/12  
Updated 12/13  
Updated 10/14

Data provided by:  
Nancy Holt, Finance Director/Town Accountant  
Pam Avitabile, Treasurer/Collector  
Steve Jarzembowski, Director of Assessing  
Paul Donlan, School Business Manager

# Projected State Aid



# Free Cash



\* includes Town Admin. Capital Plan





## SCITUATE TAX RATES

YEAR	TAX RATE	REVAL YEAR
1980	\$91.00	
1981	\$95.00	
1982	\$25.90	
1983	\$24.90	
1984	\$24.90	
<b>1985</b>	<b>\$18.90</b>	<b>REVAL</b>
1986	\$18.68	
1987	\$19.78	
<b>1988</b>	<b>\$10.01</b>	<b>REVAL</b>
1989	\$10.27	
1990	\$10.57	
<b>1991</b>	<b>\$11.09</b>	<b>REVAL</b>
1992	\$12.54	
1993	\$12.97	
<b>1994</b>	<b>\$14.50</b>	<b>REVAL</b>
1995	\$14.93	
1996	\$15.33	
<b>1997</b>	<b>\$14.80</b>	<b>REVAL</b>
1998	\$15.19	
1999	\$15.87	
<b>2000</b>	<b>\$13.85</b>	<b>REVAL</b>
2001	\$14.70	
2002	\$15.31	
<b>2003</b>	<b>\$ 9.38</b>	<b>REVAL</b>
2004	\$10.00	
2005	\$ 9.48	
<b>2006</b>	<b>\$ 8.16</b>	<b>REVAL</b>
2007	\$ 8.31	
2008	\$ 9.22	
<b>2009</b>	<b>\$ 9.68</b>	<b>REVAL</b>
2010	\$10.56	
2011	\$11.25	
<b>2012</b>	<b>\$12.34</b>	<b>REVAL</b>
2013	\$12.72	
2014	\$13.05	
<b>2015</b>	<b>\$13.10</b>	<b>REVAL</b>

Single Family Average Value	Residential Tax Rate	Average Single Family Tax Bill	Rank - High to Low*
295,431	17.00	5,022	
378,077	11.07	4,185	
310,416	16.24	5,041	
874,408	12.71	11,114	
609,240	15.60	9,504	
299,275	17.76	5,315	
435,797	16.15	7,038	
692,686	12.53	8,679	
328,652	16.94	5,567	
386,705	13.29	5,139	
565,278	13.94	7,880	
556,544	16.50	9,183	
333,432	14.74	4,915	
254,487	19.03	4,843	
492,691	13.10	6,454	
302,008	12.90	3,896	

<b># of Towns Included</b>
321

**Average Single Family Tax Bill**

<b>DOR Code</b>	<b>Municipality</b>	<b>Fiscal Year</b>	<b>Single Family Assessed Values</b>	<b>Single Family Parcels</b>
001	Abington	2015	1,107,867,300	3,750
040	Braintree	2015	3,415,928,300	9,035
042	Bridgewater	2015	1,642,724,000	5,292
065	Cohasset	2015	2,028,626,900	2,320
082	Duxbury	2015	2,956,641,060	4,853
083	East Bridgewater	2015	1,121,980,500	3,749
122	Hanover	2015	1,812,480,800	4,159
131	Hingham	2015	4,289,113,600	6,192
145	Kingston	2015	1,260,382,300	3,835
171	Marshfield	2015	3,502,771,700	9,058
189	Milton	2015	4,034,957,900	7,138
219	Norwell	2015	1,861,638,400	3,345
231	Pembroke	2015	1,743,181,480	5,228
251	Rockland	2015	959,923,700	3,772
264	Scituate	2015	3,306,447,600	6,711
336	Weymouth	2015	3,961,136,000	13,116

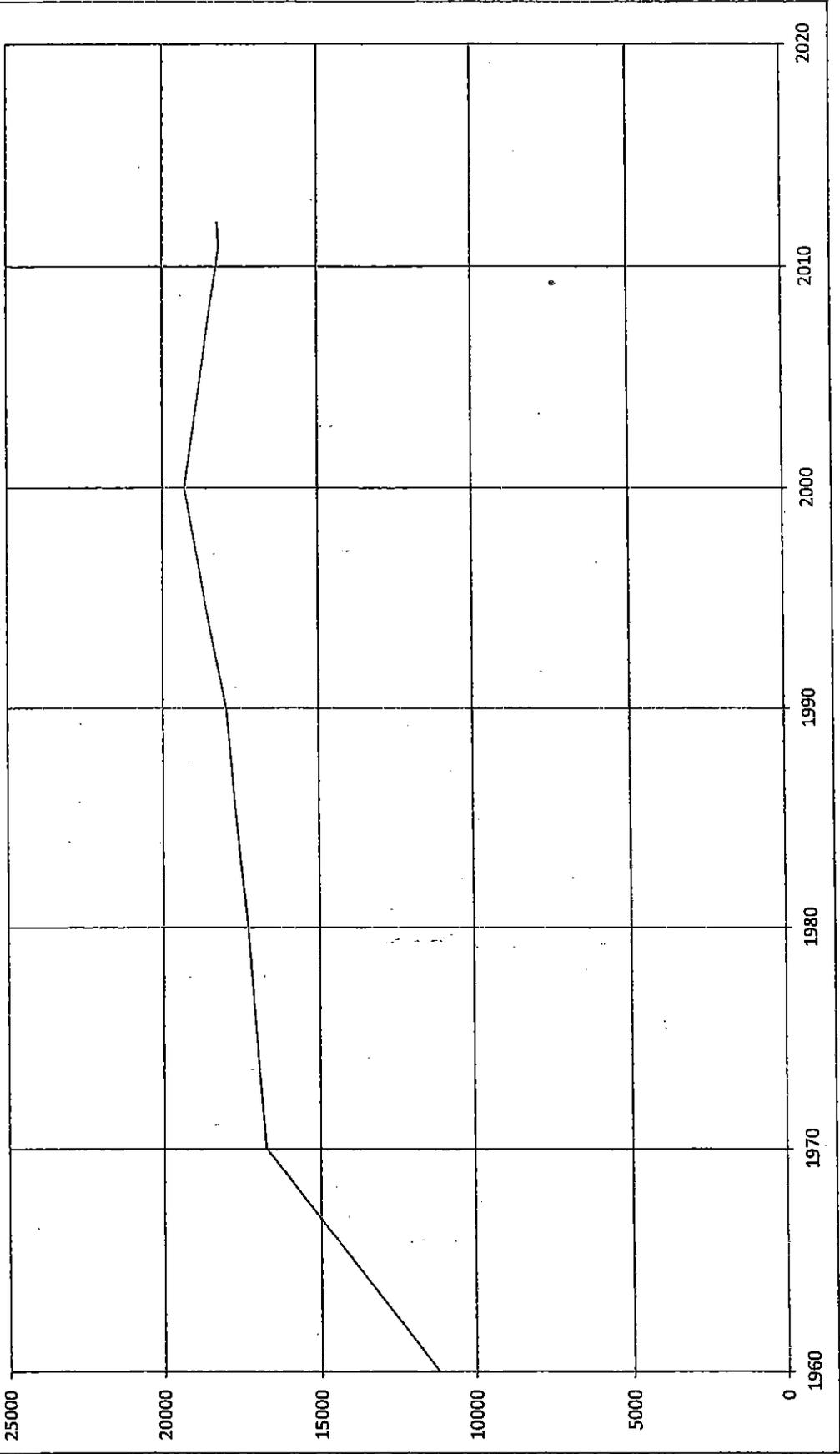
\*2015 rankings will not be published until all community tax rates are approved

**State-wide Average Single Family Tax Bill**

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Parcels</b>	<b>Average Value</b>	<b>Single Family Tax Bill</b>
2015	475,429,362,226	1,291,195	368,209	5,222

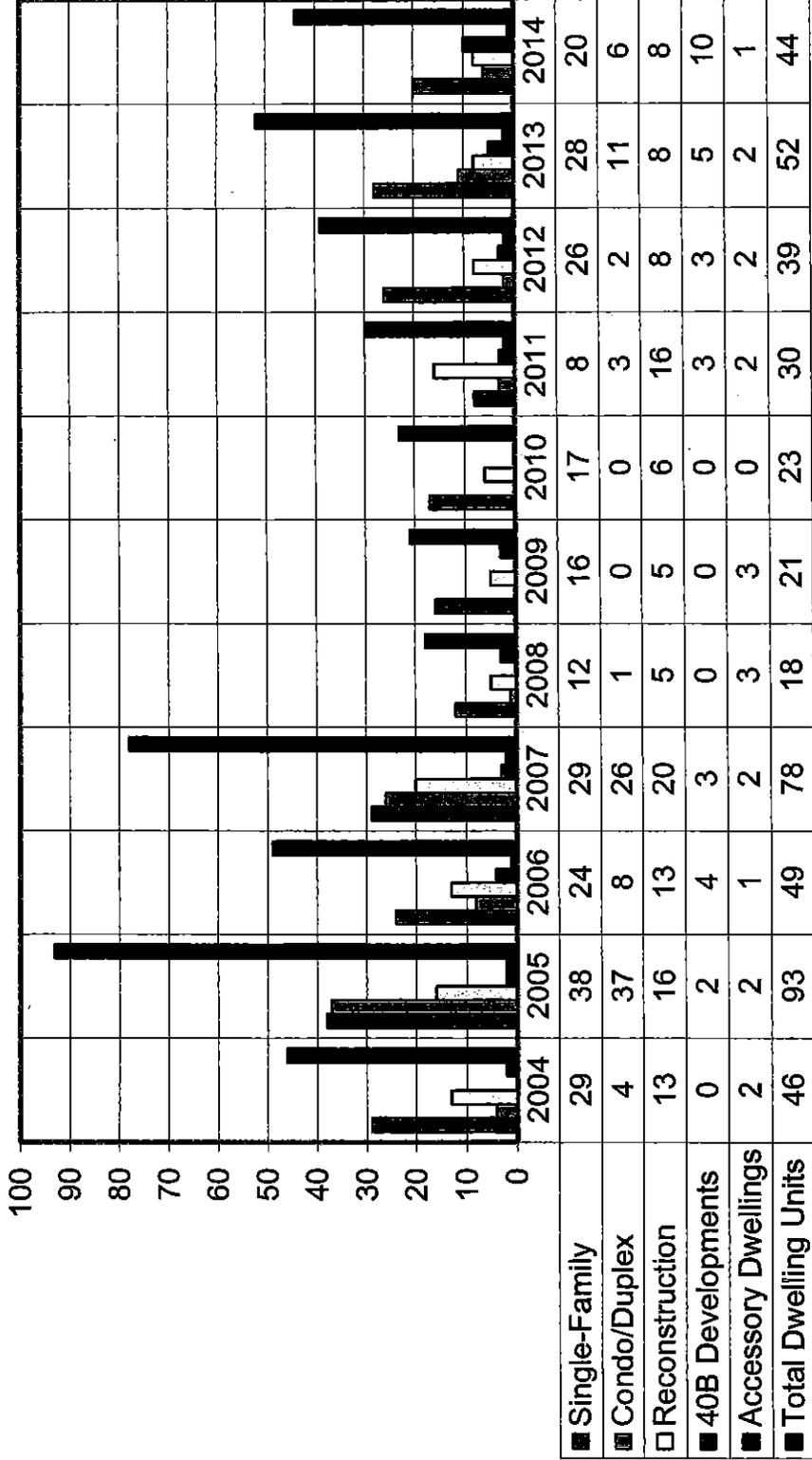


# Town of Scituate Population History



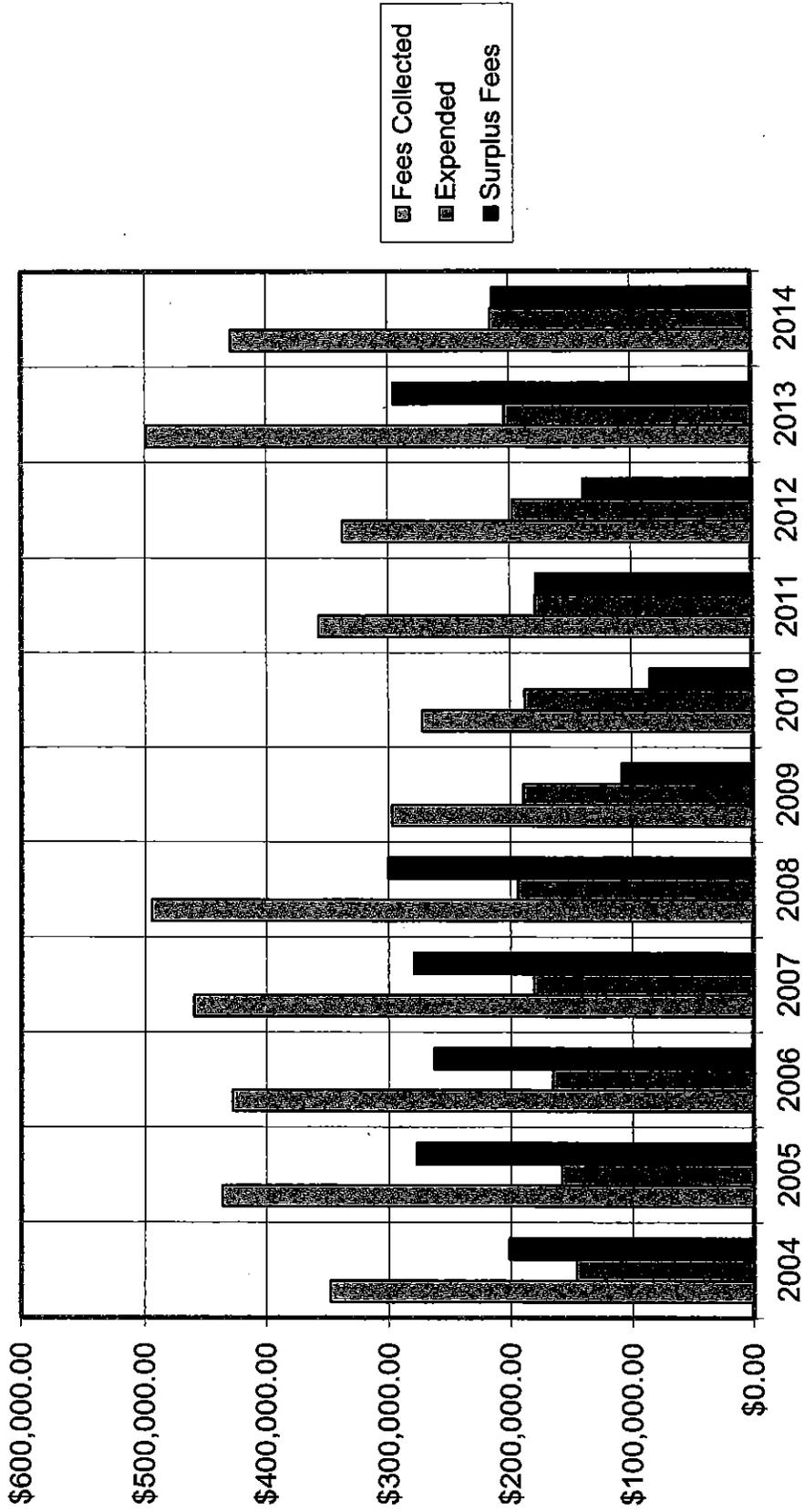


## Town of Scituate- All Dwelling Units Permitted 2004-2014





## Comparison of FY Building Department Revenues and Expenditures



Please note that prior to FY 2008 "Fees Collected" were based on calendar year revenues.



## Explanation of Bond Ratings and What They Mean

Moody's Rating	Standard & Poor's Service Ratings	Scituate's Historical Rating	<p>On November 6, 2012 the Town of Scituate's bond rating was upgraded to AA+ Standard &amp; Poor's cited the Town's very strong income and property wealth levels, stable revenue profile, improved budgeting practices, low overall net debt burden, and modest future capital needs as positive credit factors.</p> <p>Prior to 2011, the Town was rated by Moody's.</p> <p>With the latest upgrade, only 12% of communities rated are rated higher than Scituate.</p>
aa	AAA		<p>An obligor rated <b>AAA</b> has extremely strong capacity to meet its financial commitments. Bonds are of the highest quality. They carry the smallest degree of investment and offer investors the lowest yields. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure.</p>
a1	AA+	2012	
a2	AA	2011	
a3	AA-	2003-2010	<p>An obligor rated <b>AA</b> has very strong capacity to meet its financial commitments. It differs from the highest-rated only to a small degree. Bonds are of high quality by all standards. They are rated lower than the AAA bonds because margins of protection may not be as large or fluctuation of protective elements may be of greater amplitude or there may be other elements that make the long-term risk appear somewhat greater.</p>
1	A+		
2	A		
3	A-		<p>An obligor rated <b>A</b> has strong capacity to meet its financial commitments. Bonds possess many favorable investment attributes and are considered to be upper medium-grade. Factors given security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.</p>
aa1	BBB+		
aa2	BBB		
aa3	BBB-		<p>An obligor rated <b>BBB</b> has adequate capacity to meet its financial commitments. Bonds are considered a medium-grade. The interest payments and principal security appear adequate for the present but certain protective elements may be lacking or maybe unreliable over any great length of time. Such bonds lack outstanding investment characteristics.</p>
a1	BB+		
a2	BB		
a3	BB-		<p>An obligor rated <b>BB</b> is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to inadequate capacity to meet its financial commitments. Uncertainty of position characterizes the bonds in this class.</p>
1	B+		
2	B		
3	B-		<p>An obligor rated <b>B</b> is more vulnerable. Adverse business, financial, or economic conditions will likely impair the obligator's capacity to meet its financial commitments. The bonds generally lack characteristics of the desirable investment.</p>
aa	CCC		
a	CC		
	C		<p>An obligor rated <b>CCC</b> is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Bonds are of poor standing.</p>
			<p>An obligor rated <b>CC</b> is currently highly vulnerable. Such issues are often in default or have other marked shortcomings.</p>
			<p>An obligor rated <b>C</b> is highly vulnerable. This is the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.</p>



# Town of Scituate Financial Policies

Adopted by Vote of the Board of Selectmen  
October 2, 2012

## Purpose:

This document endeavors to address and document prudent financial policies for the Town of Scituate which will insure fiscal stability during periods of downturn and insure that allocations and reserves are made to secure against future obligations.

The policies must also provide for an adequate level and quality of services for the welfare of citizens of our community in conjunction with its mission and statutory responsibilities.

The policies must also provide for balance and equity in providing services and have the flexibility to withstand external economic or environmental events and other factors and variables over which it has no control.

The policies must also consider growth and change in the community as a whole.

## Balanced Budget

- The cost of all operations of the Town shall be funded on a fiscal year basis out of current revenues.
- The Town shall have a goal to not defer maintenance of capital equipment and facilities or defer the costs or the recognition of such costs.
- The Town will adopt a budget based on sound business practices which relate departmental performance to actual outcomes of established goals and objectives.

## Rationale:

This policy endeavors to avoid budgetary decisions which appear to balance the current year's expenditures at the expense of future year's expenditures. The delay of building and equipment maintenance or the recognition of the cost of operations and maintenance to future years are two of the most common budget actions which are often employed to balance a budget when it is merely passing costs onto future budgets, taxpayers and residents. In the case of deferred maintenance, the costs to future taxpayers may actually be greater than would otherwise be the case. For example, the delay in routine maintenance to a roof may lead to higher costs for damages to buildings and contents later.

## Practice:

The Town balanced its FY 2011 and FY 2012 budgets within existing revenues. In prior fiscal years substantial Free Cash was used to balance the budget. Detailed budget instructions now distributed in November of each year include projections for fixed costs and projected increases in known accounts with directions for budgetary requests or reductions.

## **Compensation and Benefits**

- The Town endeavors to compensate its employees at the prevailing market rate for wage and benefits employing objective compensation surveys every three to five years. The change in salaries, wages and benefits from year to year shall not exceed that which can be sustained on an ongoing basis out of recurring revenues. Economic downturns will trigger a review of this policy.

### *Rationale:*

The Town is a service delivery organization. On average, 70% of the budget, excluding long-term debt payments and enterprise funds, is in salaries and wages. Therefore it is important for the Town to be very prudent in managing both its human resources as well as the related payroll costs since mistakes can have a profound impact on future town operations.

This creates a paradox in that a highly motivated and capable workforce is required on one hand to deliver quality services and yet must keep its overall growth in payroll costs within limited annual revenues.

This policy states that the Town will compensate employees and establish an annual appropriation for the merit pool for professional and support staff within the annual changes in revenues. Therefore unless there is some offsetting reduction in expenses through productivity gains, this policy requires that a specific revenue source always be defined prior to negotiating wage and salary increases.

### *Practice:*

Traditionally the Town has approved salary increases to non-unit personnel after all budgetary considerations have been met. For FY 12 and FY 13, a merit pool has been funded in accordance with the new merit-based performance evaluation system for professional and support staff. Collective bargaining increases and appropriate funding on the town-side is considered during negotiations with full cost/benefit analysis provided. Such costing methods are suggested to be implemented in the School Department.

## **Revenues**

- The Town will estimate its annual revenues, in detail, by use of objective analysis in which the assumptions and factors through which the estimates are derived are clearly stated and explained.

### *Rationale:*

Much attention is paid to the Town's revenue budget to assure that taxpayer's money is expended in a prudent and cost effective fashion. The Town has an expenditure budget which does not receive as much public discussion but this budget but it is just as important. In 2009

a Financial Trend Monitoring report was implemented to track expenditures on the town-side historical fluctuations such as fire overtime and gasoline costs.

The Town will endeavor to maintain a diversified and stable revenue system to shelter it from short fluctuations in any one revenue source.

The Town relies upon property taxes for about most of its operations, the remainder in enterprise fund fees. Each of these sources tends to be stable and they are unlikely to experience sudden unexpected reductions during the course of a budget year. Local aid payments from the Commonwealth and certain revenues such as building permits and related fees however, are likely to vary considerably with economic conditions and other circumstances which are beyond its control.

This policy calls for the Town to make certain that it does not become overly dependent upon any one revenue source and, in particular upon revenue which is likely to be uncertain and subject to reductions due to circumstances beyond the Town's control. This policy further recognizes that revenues sources such as fees and permits as distinguished from Revolving Funds do not travel with the Department raising them. All revenues are considered part of balancing the Town's overall operating budget.

*Practice:*

The Town employs a conservative and fiscally prudent historical analysis approach to estimating local receipts which has proved reliable over the past three years. The Town will be conservative in estimating revenue sources such as new growth, Medicare reimbursements and tax title receipts to insure a stable return over time.

- The Town will maintain property assessments for the purpose of taxation at full and fair market value employing sound appraisal practices on an ongoing basis. Given the significance of property taxes to both town government and taxpayers, the Town will provide for the support and resources for the Board of Assessors to properly assess property and to defend such assessments if necessary at the Appellate Tax Board.

*Rationale:*

Property taxes are the principal source of raising revenues to support town services. State law requires that property taxes be charged a property owner on the basis of the property's "full and fair market value" on January 1 of a given year. If a property is under-valued for purposes of taxation a portion of that taxpayer's bill is unfairly shifted to every other property tax payer. Conversely, if a property is over-valued, the property taxpayer pays an unfair extra share of the tax burden.

Abatements are granted to taxpayers out of the Overlay Reserve to rectify such disparities.

*Practice:*

Beginning in FY 11, the Town endeavors to employ a five (5) year fund release program from the Overlay Reserve from prior fiscal years.

- The Town will pursue an aggressive policy of collecting property tax and motor vehicle excise taxes and other local revenues.
- The Town will continue to pursue an aggressive policy of collecting delinquent fees, such as police details and continue timely tax title procedures to maximize all potential revenues.

*Rationale:*

Aggressive collection results in taxpayer equity as well as to assure proper cash flow for the Town.

*Practice:*

Since 2009, the Town has initiated an aggressive tax collection policy that has closed several outstanding delinquencies and will continue this practice with adequate budgetary support. In both FY 12 and FY 13 the Tax Title Account has been increased by \$7,000.

- The Town will endeavor to review its fee structure every three years for specific services which fees are charged to assure that the full cost of providing the service or product are recovered. This review will be coordinated and directed by the Town Administrator in order to insure the uniformity of fee changes as well as fairness and equity in determining appropriate fees.

*Rationale:*

We deliver certain services to specific users, such as building permits in exchange for inspection services. The building permit fee is intended to recover the full costs of providing that specific service. The costs include direct and indirect costs such as insurance, equipment overhead, independent contractors, etc. and this policy states that we will review the fees semi-regularly to assure that taxpayers in general are not subsidizing such fee for service programs.

- The Town may consider the expenditure of revenues which are received as a result of new development and residential growth to offset the increased demand for services from such growth and for capital improvements.

*Rationale:*

New property development brings additional tax revenue to the Town but also brings additional demands for services and for capital improvements. If a portion of these revenues

are not properly directed towards meeting these new demands for services and capital outlay then there will be a gradual erosion of the quality of services.

*Practice:*

- In the past few years, fees for fire related permits and Board of Health permits and fees have been increased. In FY 12, liquor license and entertainment license fees are being reviewed. The Town still needs to engage in a time and materials procedural review to insure that the fee completely encompasses the cost of providing the service.

**Public Enterprise Funds (Sewer, Water, Transfer Station, Golf Course Waterways)**

- Rates and fees for sewer, water, transfer station, golf enterprise, and Waterways shall be reviewed annually by the Town Administrator to cover all direct, indirect and capital improvement costs of the systems on a self-supporting basis.

*Rationale:*

Public enterprise funds are self-sustaining businesses which should not be subsidized by general tax dollars. The Board of Selectmen establishes rates to cover the cost of these respective operations. This policy states that the Town Administrator will insure that all direct and indirect costs (such as payroll, property and liability insurance, legal services, administration, etc.) will be covered by those revenues.

- Capital Improvements for Sewer, Water, Transfer Station, Waterways and Golf improvements shall be scheduled within the predictable revenue stream and scheduled to avoid major or unscheduled increases in rates. This includes endeavoring to earmark a minimum amount (2%) of annual revenues for future capital improvements and to be tracked separately in the General Ledger for such purposes.

*Rationale:*

While rates are established annually, it is important that our customers enjoy some stability and predictability in their rates. Large capital outlays in particular, if not properly planned, can cause unexpected increases in the rates. This policy simply states that such capital outlays will be planned in such a way as to avoid such major and unexpected increases. However, appropriate increases in rates will be necessitated and should not set up expectations that they will remain flat over a period of years as in the past.

*Practice:*

Full cost accounting methods have been traditionally employed for all enterprise funds and formulas were revised in 2009. Flat water and sewer rates resulted in lack of capital improvements to the system resulting in a multi-million dollar infrastructure problem which is now being addressed. After increasing fees and management improvements the Transfer

Station is now in a positive cash position. The Golf Enterprise Fund is in need of annual capital improvements that have not been addressed as a result of revenue constraints.

- Sewer, Waterways, Water, Transfer Station and Golf services may not exceed the amount which can be sustained within current annual revenues.

*Rationale:*

Many capital projects are funded through the issuance of long term bonds. In the same way a homeowner would not take on a mortgage for an addition or home improvement, the water and sewer system should not incur debt which cannot be repaid within the income streams of the system. This requires a high degree of financial planning to assure that the operation and maintenance of the plant are then not jeopardized by high annual debt service payments.

- Public enterprise revenues are accounted for separately from general fund operations. The Town has established formally recognized enterprise funds consistent with Generally Accepted Accounting Principles and Massachusetts General Laws.

*Rationale:*

Enterprise Funds shall not be used to subsidize general fund expenditures. In the same way, general fund revenues from tax dollars should not be used to subsidize Enterprise Fund operations. There are services provided and expenses incurred in the various town department budgets funded through taxation and these costs (such as insurance, payroll processing, accounting, administration, etc.) are billed to and recovered from the Enterprises as if they were separate business entities. All such direct and indirect expenses are approved by Town Meeting and therefore the charges between funds are controlled ultimately by the voters at town meeting.

*Practice:*

All indirect costs were analyzed and adjusted in FY 11. The Town will review each cost allocation on an annual basis and said costs are provided by the Town Accountant during the annual budget cycle. As a general rule, there shall be a minimum retained earnings surplus of between \$400,000 and \$500,000. Expenditures resulting in less than the reserve may be curtailed.

**Capital Improvement Program**

- A comprehensive five (5) year capital maintenance, replacement, and improvements plan shall be updated annually and endeavor to:
  1. Replace fixed assets as the useful life of such assets is completed;
  2. Carry out desired community investments and improvements;

3. Provide for the normal requirements of growth and change within the community on a regular and scheduled basis.

The Town will make every effort to identify the added annual operating costs of capital improvements along with the direct capital financing costs prior to recommending any capital improvement project.

- As part of the comprehensive Capital Improvement Program, the Town will consider its ability to maintain Net Tax Financed Capital Improvement Expenditures at a level of two percent to three percent (2%) of Net Operating Revenues.
- As part of the comprehensive Capital Improvement Program, the Town shall keep any debt service relief from a prior fiscal year in the debt service budget for the ensuing fiscal year.

*Rationale:*

“Net Tax Financed Capital Expenditures” are those which are paid for out of the Town’s annual expense budget as opposed to those which are financed through Long Term Debt. Routine repairs or improvement to a town building (e.g. a replacement boiler at Town Hall ) are likely to be an expense item as opposed to an addition or a large renovation which would be financed over several years. The point of this policy is to avoid using Long Term Debt for small projects.

“Net Operating Revenues” are gross revenues less debt exclusion funds, enterprise operation revenues, free cash, grants, transfers and non-recurring revenues.

*Rationale:*

Available funds in the debt service line item will be lost to the General Fund if released. This creates lack of predictability and stability in funding projected costs for the CIP as well as insuring that some sort of reliable revenue source is allocated to the account each year.

*Practice:*

The Town will as a baseline, endeavor to allocate 2% of General Fund revenue to the capital plan each year. Prior to FY 12, the Town’s capital process allowed for only minor General Fund capital acquisitions.

The Town will allocate any surplus debt from the General Fund debt service shared cost line item to the ensuing fiscal year.

**Financial Reserves**

- The Town will seek to adequately fund and maintain financial reserves such as the Stabilization Fund, Reserve Fund and other such formally recognized reserve accounts in order to:
  1. Promote financial flexibility and stability
  2. To meet extraordinary and unforeseen events;
  3. To have sufficient liquidity and cash flow to pay bills-on time without the necessity of short term borrowing.

*Rationale:*

The existence of financial reserves is an important indicator of whether the Town is living within its means. Free Cash and the Stabilization Fund are two of the more common and formally recognized financial reserves which a Town may use to provide reserves. A declining Free Cash/Stabilization Fund is an indicator that the Town is living beyond its means. On the other hand, the existence of a stable Free Cash/Stabilization Fund balance provides a short cushion against an unforeseeable event such as an economic downturn, a reduction in intergovernmental revenues, or an extraordinarily bad winter.

A budget is an estimate of anticipated revenues and expenditures. Every now and then revenues actually turn out to be higher than expected or expenditures lower than expected in which case the Town will have a budget surplus. The first use of such a surplus is to assure that the Town achieves its goal of having 1% of its revenues in a Financial Reserve Account. If this goal is achieved the Town will not rely on such a one-time surplus to fund operating budgets since the Town has a goal of maintaining an expenditure budget which is supported by annual recurring revenues. A one-time budget surplus will therefore be directed to non-recurring expenses.

Assuming adequate and balanced expenditure budgets, which meet the Town's overall financial goals, a recurring budget surplus indicates that the Town is raising too much revenue. Such recurring surpluses will be used to lower the property tax rate. This will result in the Town taxing less than the maximum tax levy allowed under Proposition 2 1/2.

*Practice:*

Absent this document, the Town has no formal policies for financial allocation capital improvements. It does have an annual allocation into the Stabilization Fund however this until FY 12, this amount had in recent years significantly eroded. The lack of a predictable capital plan also jeopardizes the Town's infrastructure and maintenance position. The ability to adhere to such policies is the mark of a well-managed community.

## Long Term Debt

- Long Term Debt will only be used to finance capital improvements and projects. The Town will retire principal on long term debt for any particular project in a period of time which is less than the useful life of the improvement or project. The Town will not use long-term debt to fund any portions of its current operations.

### *Rationale:*

This policy is intended to assure that the Town does not use long term debt for inappropriate purposes. Long Term debt should only be used to finance large capital projects which represent an investment in the community and which represents an expenditure which has a long expectancy well in excess of the period for which the bond will be paid.

- In scheduling new long term debt the Town will consider an average maturity of its total outstanding long term debt at less than ten (10) years. This may not be possible given the Town's present debt schedule and anticipated debt allocations to make up for the previous lack of a viable capital plan.

### *Rationale:*

By attempting to keep the average maturity of its long term debt as short as possible the Town maintains future flexibility since its loan obligations are paid off at a faster rate. This is comparable to the benefits of having a fifteen-year home mortgage rather than a thirty-year mortgage. The shorter term mortgage is a little more expensive but the equity in the home builds much faster and overall interest costs are much less.

- In considering and scheduling the issuance of new long term debt the Town will seek to maintain annual principal and interest payments, net of any reimbursements or dedicated revenue sources, at levels which can be sustained out of recurring revenues.
- As a rule, the Town will seek to maintain Net Direct Debt Service at a level of four (4%) to six (6%) of net operating revenues (Net Operating Revenues are gross revenues less debt exclusion funds, enterprise operation revenues, grants, free cash, transfers, and non-recurring revenues).
- Whenever possible the Town will use special assessment, betterment assessment, and similar dedicated revenues to support long term debt.

### *Practice:*

The Town's debt is manageable and recent changes in financial practices and reserves should position the Town for future bond rating increases. Given comparable community demographics,

the current rating should be higher. The Town has in place good practices for the recovery of costs, such as betterments to fund large scale infrastructure projects.

### **Betterment Assessment Policy**

- When a capital project or public improvement provides a measurable financial benefit to property owners in a limited and determinable area as opposed to the community as a whole, the Town will assess betterment assessments in accordance with state statutes and local policies not to exceed the value of the private benefit received.
- The calculation of the revenue to be derived from betterment assessments will be calculated and presented at the time the financial decision is made to move forward with a public improvement.

#### *Rationale:*

Some projects and capital improvements add to the value of properties in the area of the project and provide attractive amenities and added property value to home owners. Since it was the investment of public funds which created this added value, the purpose of the betterment assessment is to recover a portion of that expenditure. In accounting for the revenue to be derived from betterment assessments in the financing of this capital project it is important that a formula to be established and the extent of the betterment assessment on property owners be identified at the time the project is proposed so that impacted property owners have complete information at the time the project is approved.

#### *Practice:*

The Town has a detailed betterment formula to assess beneficiaries of infrastructure improvements.

### **Investment Policy**

See Exhibit A (below)

### **Miscellaneous**

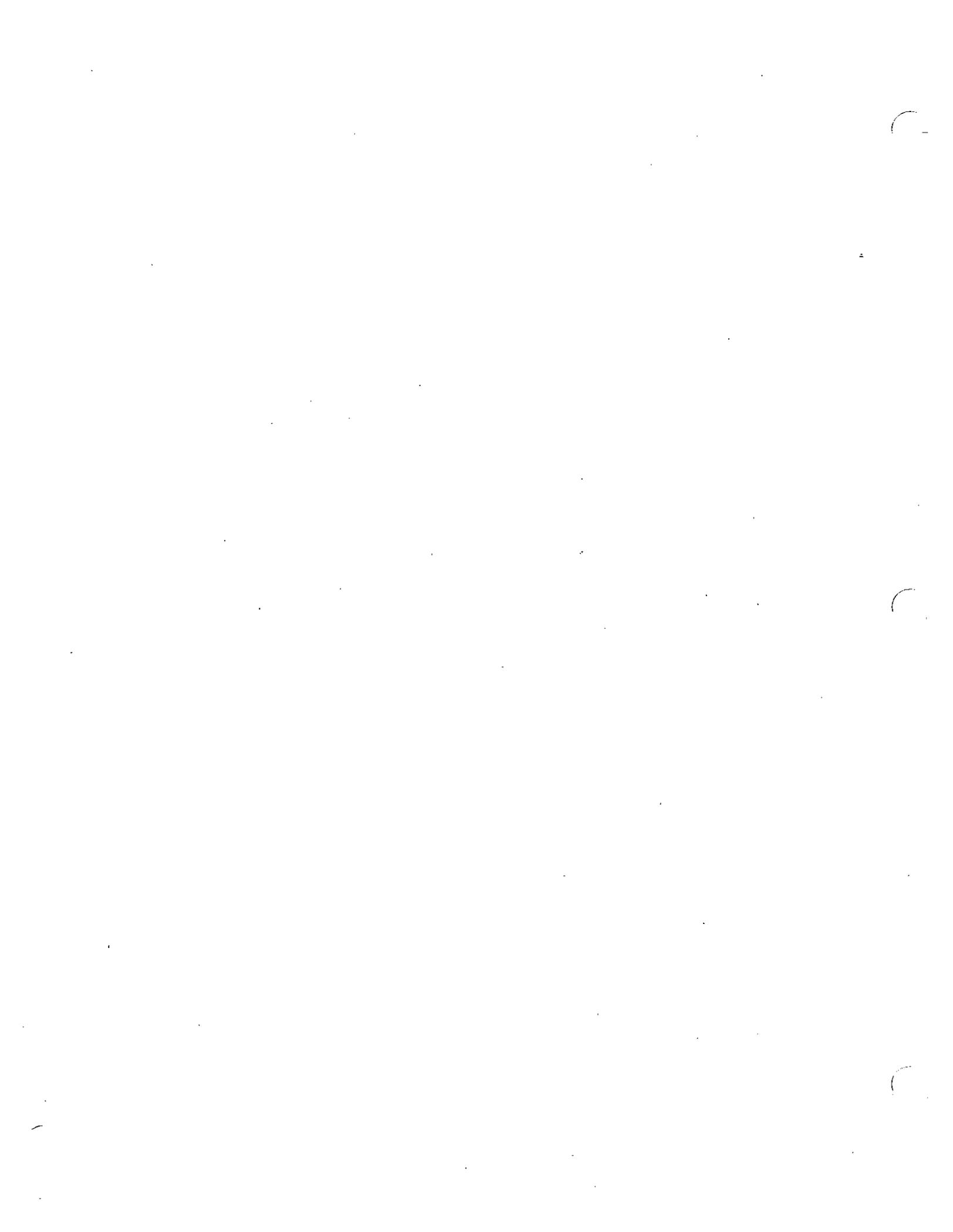
- Schedule 19

Direct and indirect budgetary items in support of the schools appearing on the town side of the budget which are required to be reported annually to the Department of Education will be in accordance with past practice. The Town will work in cooperation with the School Department to execute an agreement for how these costs are allocated and reported.

*Practice:*

The Town lacks an executed agreement for Schedule 19 Failure to do this also resulted in the inability to claim teacher retiree health insurance costs as a Schedule 19 charge off. However, much progress has been made and will be addressed over the next year.

PAV;09/10  
Revised 12/11  
Revised 10/12



## EXHIBIT A

### Town of Scituate Investment Policy

Adopted October 2, 2012

#### Purpose

This investment policy is intended to provide guidelines for the management and investment of all Town funds under the control of the Town Treasurer and Assistant Treasurer.

#### Scope

Section I of the policy statement applies only to the short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds. Section II will apply to funds with special circumstances such as stabilization. Trust funds, in the custody of the Treasurer, will be handled in a separate policy. The Plymouth County Retirement Board is responsible for the investment of Town pension funds. The Treasurer shall serve on the Plymouth County Retirement Board's Advisory Council.

#### Authorization

The Treasurer has the authority to invest all municipal funds subject to the statutes of the Massachusetts General Law Chapter 44 Section 55, 55A & 55B.

All bank and investment brokerage accounts, with the exception of student activity accounts, shall be maintained in the name of the "Town of Scituate" and shall list the Town Treasurer as the primary signatory and the Assistant Treasurer as a secondary signatory. These two signatories shall be the only officers authorized to withdraw funds from any such account.

#### Objectives

Massachusetts General Laws, Chapter 44, Section 55B requires the Treasurer to invest all public funds at the highest possible rate of interest reasonably available, taking into account acceptable levels of safety, liquidity and yield while meeting the daily cash requirements for the operation of the Town's business.

- *Safety* – The safety of public funds must be the main objective in the investment program. Investments shall be made in a manner that seeks to preserve principal through the mitigation of credit risk and interest rate risk. Credit risk is the risk of loss due to the failure of the security issuer or depository institution. Interest rate risk is the risk that the value of an investment will fall, resulting in a potential loss or display significant volatility due to changes in market or external interest rates. The diversification of funds, the choice of depository institution and the prudent selection of investment instruments are tools available to the Treasurer to mitigate these risks.

- *Liquidity* – The overall investment of funds shall remain sufficiently liquid to meet all operating requirements that may reasonably be anticipated. Since all possible cash demands cannot be fully anticipated, the Treasurer shall attempt to carry out investment activities in a manner that

provides for meeting unusual or unexpected cash demands without requiring the liquidation of investments that may result in forfeiture of accrued interest or loss of principal.

- *Yield* – Investments shall be made to achieve a fair average market rate of return taking into account the safety and liquidity constraints mentioned above as well as any legal requirements imposed by Massachusetts General Laws or Town By-Laws.

### Risk

The Treasurer will adhere to the following risk guidelines for all investments of Town funds:

***Custodial Credit Risk*** - The custodial credit risk for deposits is the risk that, in the event of a failure of a depository institution, the Town would not be able to recover deposits or the securities used to collateralize the deposits from the institution or a third party. For investments, the risk occurs if the Town is unable to recover the value of an investment or collateral in possession of a third party.

The Treasurer will review each financial institution conducting business with the Town on a quarterly basis (see Diversification Section of policy).

All securities not held directly by the Town will be held in the Town's name and tax identification number by a third-party custodian approved by the Treasurer. The Treasurer will receive monthly safekeeping reports from the custodian as well as safekeeping receipts detailing each transaction from the account.

***Interest Rate Risk*** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Short-term investments for funds covered in Section I are by statute limited to one year or less in maturity with all securities held to maturity. Longer term investments, other than trust funds under the direction of the Commissioners of Trust Funds, will be made for periods not longer than seven years, maintaining an average maturity no greater than three years for the portfolio.

***Credit Risk*** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Short-term investments for funds covered in Section I are by statute limited to US Treasury or Agency securities.

Longer term investments in fixed income securities, other than trust funds under the direction of the Commissioners of Trust Funds, will be made principally for capital preservation and income potential. Corporate debt must be rated "A" or better by either S&P or Moody's rating services. If a security falls below the "A" rating, the security will be monitored by the Treasurer and advisor, if applicable. The security will be noted as an exception to policy if held in the portfolio. The Treasurer and/or advisor may sell the security if a further decline in value is expected.

***Concentration of Credit Risk*** - Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer.

The Town will minimize any concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Specific investment amounts and/or issuer limitations are addressed in the Investment Instrument sections of this policy.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit.

The Town will not invest in any instrument exposed to foreign currency risk.

### Ethics

The Treasurer and Assistant Treasurer shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair their ability to make impartial investment decisions. The Treasurer and Assistant Treasurer shall disclose, at least annually, to the Town Clerk any material personal depository relationship in financial institutions that do business with the Town as well as any material personal financial investment positions or loans with these institutions.

### Standards of Care

The standard of prudence to be used by the Treasurer shall be the "Prudent Person" standard and shall be applied in the context of managing an overall portfolio. The Treasurer, acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived.

In addition this section would also apply to Massachusetts General Laws Chapter 44 Section 55A which refers to the liability of the Treasurer for losses due to bankruptcy.

### Reporting Requirements

On a semi-annual basis (as of September 30th and March 31st of each fiscal year), the Treasurer shall issue a report to the Board of Selectmen and Advisory Committee containing the following information:

- A listing of Total Funds (both Sections One & Two of this policy statement) on deposit by financial institution or advisor showing percentage of total deposits in each institution, type of insurance coverage or collateral and approximate value of uninsured or uncollateralized funds held by the Town.

- A listing of Total Funds (both Sections One & Two of this policy statement) on deposit by financial institution or advisor by type of deposits or investment showing percentage of total deposits in each institution.
- Summary of interest income, realized and unrealized gains and losses earned on investments on a fiscal year-to-date basis.
- Detail listing of any exceptions to policy stating reason for exception and anticipated date of correction, if applicable.

Policy Review

This policy will be reviewed annually by the Treasurer and Town Administrator. Any changes to this policy must be approved by vote of the Board of Selectmen.

**Section I – Operating Funds**

**Scope**

This section of the Investment Policy applies to short term operating funds such as general funds, special revenue funds, enterprise funds, bond proceeds and capital project funds.

***Investment Instruments***

The Treasurer may invest in the following instruments:

- Massachusetts State Pooled Funds Unlimited amount

The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer. MMDT seeks to obtain the highest possible level of current income consistent with the preservation of capital and liquidity by investing in a diversified portfolio of high quality money market instruments with an average dollar-weighted portfolio maturity of 90 days or less. MMDT investments are not guaranteed by the State, FDIC, or any other governmental agency.

- US Treasury Obligations Unlimited amount

Treasury obligations must be held to maturity. The maturity date of these securities must be no greater than one year from the date of purchase.

- US Agency Obligations Unlimited amount

Agency obligations must be held to maturity. The maturity date of these securities must be no greater than one year from the date of purchase.

• Bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than one year from the date of purchase may be made for unlimited amounts if the deposit is fully collateralized by a third party agreement or securities owned by a depository institution that have been segregated from the day-to-day assets of the institution in order to provide collateralization.

• Bank accounts, Certificate of Deposit accounts (CD's) and/or brokered CD's with a final maturity no greater than one year from the date of purchase up to the FDIC coverage limits. All account balances in a single depository institution are considered in the aggregate to determine FDIC coverage limits.

• Bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than one year from the date of purchase may be made for unlimited amounts if the depository institution is a member of the Depository Insurance Fund (DIF) or the Share Insurance Fund (SIF). These funds insure all deposits held at a member Massachusetts state chartered savings bank or co-operative bank respectively.

• Money Market Mutual Funds that are registered with the Securities & Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as referenced in Massachusetts General Laws Chapter 44 Section 55.

• Uninsured or unsecured bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than one year from the date of purchase are allowed to be held by the Town subject to the following limitations:

The aggregate uninsured portion of deposits held at any one institution cannot exceed 5% of the institutions total deposits reflected on the bank's last filed FDIC Call Report.

No more than 35% of the Town's funds may be held in uninsured accounts. This percentage may be increased for no more than 30 days during times of heavy collections or in anticipation of large payments to be made by the Town such as debt service, pension expense or other expenses determined by the Treasurer as necessitating special cash handling.

### ***Diversification***

The diversification of funds between financial institutions is another important tool available to the Treasurer to ensure the safety of funds on deposit. Given the above limitations regarding investment types and dollar limits as well as insurance coverage requirements, the need to place further limitations on the funds placed in one financial institution is not necessary provided the following:

• All financial institutions with which the Town conducts business will be reviewed by the Treasurer on a quarterly basis utilizing the Veribanc ratings report. In addition, the Treasurer will review the Call Reports and/or the Uniform Bank Performance Report of any institution receiving a "Yellow" classification or receiving less than three stars on the previous quarter's Veribanc report, noting trends in capital ratios, net income, operating expenses, loan losses and loan delinquencies, or any other determining factors which may have resulted in the lower rating (see

Exhibit C). The Treasurer will meet with representatives of the institution, as necessary, to further enforce the financial review.

- The Treasurer will, after conducting this review, determine the proper deposit levels to maintain at such institutions or implement an “exit” plan, if necessary, for the eventual removal of Town funds from the institution.

As a sound practice, however, the Treasurer will attempt to maintain no more than 25% of the Town’s total funds in one financial institution or 35% with a single advisor.

Also, in accordance with Chapter 44, Section 55 of Massachusetts General Laws, the Treasurer will not at any one time have on deposit in a bank or trust company or banking company an amount exceeding 60% of the capital and surplus of such bank or trust company or banking company unless satisfactory security is given for such excess.

## **Section II – Other Special Funds**

### ***Scope***

This section of the Investment Policy applies to funds with special circumstances such as stabilization.

The above funds may be established as a pooled investment portfolio. The accounting of each fund will be maintained separately to ensure that each fund receives their proportionate share of interest, realized and unrealized gains or losses.

### ***Investment Instruments***

Massachusetts General Laws Chapter 44 section 54 states that money should be deposited into savings bank, trust companies incorporated under the laws of the Commonwealth, banking companies incorporated under the laws of the Commonwealth which are members of the Federal Deposit Insurance Corporation, or national banks, or invested in participation units in a combined investment fund under section thirty-eight A of chapter twenty-nine, or in a paid-up shares and accounts of and in co-operative banks, or in shares of savings and loan associations or in share or savings deposits of federal savings and loan associations doing business in the Commonwealth.

Additionally the Town may invest such funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth; provided, that not more than fifteen percent of any such trust funds shall be invested in bank stocks and insurance company stocks, nor shall more than one and one-half percent of such funds be invested in the stock of any one bank or insurance company.

Massachusetts General Law Chapter 167 Section 15A and Section 15B describes the list of legal investments for savings banks which dictates the allowable investments for municipalities.

The Treasurer may invest in the following instruments:

• Massachusetts State Pooled Funds

Unlimited amount

The Massachusetts Municipal Depository Trust (MMDT), an investment pool for state, local, county and other independent governmental authorities, is under the auspices of the State Treasurer. MMDT seeks to obtain the highest possible level of current income consistent with the preservation of capital and liquidity by investing in a diversified portfolio of high quality money market instruments with an average dollar-weighted portfolio maturity of 90 days or less. MMDT investments are not guaranteed by the State, FDIC or any other governmental agency.

• U. S. Treasuries that maybe sold prior to maturity: Unlimited amounts (With maturity limits as stated in the interest rate risk section of this policy)

• U.S. Agency obligations that maybe sold prior to maturity. Unlimited amounts (With maturity limits as stated in the interest rate risk section of this policy)

• Bank accounts or Certificate of Deposit accounts (CD's) with no limit to the length of maturity from the date of purchase may be made for unlimited amounts if the depository institution is a member of the Depository Insurance Fund (DIF) or the Share Insurance Fund (SIF). These funds insure all deposits held at a member Massachusetts state chartered savings bank or co-operative bank respectively.

• Bank accounts, Certificate of Deposit accounts (CD's) and/or brokered CD's with length of maturity limits from the date of purchase, as stated in the interest rate risk section of this policy, up to the FDIC coverage limits. All account balances in a single depository institution are considered in the aggregate to determine FDIC coverage limits.

• Bank accounts or Certificate of Deposit accounts (CD's) with length of maturity limits from the date of purchase, as stated in the interest rate risk section of this policy, may be made for unlimited amounts if the deposit is fully collateralized by a third party agreement or securities owned by a depository institution that have been segregated from the day-to-day assets of the institution in order to provide collateralization.

• Uninsured or unsecured bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than two years from the date of purchase are allowed to be held by the Town subject to the following limitations:

The aggregate uninsured portion of deposits held at any one institution cannot exceed 5% of the institutions total deposits reflected on the bank's last filed FDIC Call Report.

No more than 35% of the Town's funds may be held in uninsured accounts.

The credit worthiness of the depository will be tracked by Treasurer utilizing the Veribac rating report. (see Diversification Section)

- Common and preferred stock that are listed in the List of Legal Investments.
- Investment Funds that are listed in the List of Legal Investments.
- All other items not separately identified here that are listed in the List of Legal Investments.

Investments, Chapter 167 Section 15A

**Post Issuance Tax Compliance Policies**

See Exhibit B

## EXHIBIT B

### Town of Scituate, Massachusetts

#### Post-Issuance Tax Compliance Procedures For Tax-Exempt Obligations and Other Tax-Benefited Obligations

##### I. Introduction

These post-issuance compliance procedures of the Town of Scituate, Massachusetts (the "Town") are designed to provide for the effective management of the Town's post bond issuance compliance program for tax-exempt and other tax-benefited bonds in a manner consistent with state and federal laws applicable to such obligations.

##### II. Post-Issuance Tax Compliance

The Town Treasurer of the Town shall be the primary bond compliance officer responsible for each issuance by the Town of tax-exempt (or otherwise tax-benefited) bonds, notes, financing leases, or other obligations (herein, collectively referred to as "bonds"). All information related to each bond issue and the facilities, equipment and other assets financed by such issue shall be maintained by or on behalf of the Town Treasurer and the actions taken under subsections A through C of this Section II shall be taken by or on behalf of the Town Treasurer by the Town Treasurer or such other officers or employees of the Town as appropriate, including but not limited to, the Town Treasurer and the Town Auditor.

##### A. Tax Certificate and Continuing Education

1. **Tax Certificate** - A Tax Certificate is prepared for each issuance of Bonds. Immediately upon issuing any bonds, the Town Treasurer, in conjunction with the Town's bond counsel and financial advisor, shall review the Tax Certificate and make notes regarding specific compliance issues for such bond issue on the Post-Issuance Compliance Notes form at Exhibit A. The Tax Certificate and Notes shall clearly define the roles and responsibilities relating to the ongoing compliance activities for each bond issue and will identify specific compliance requirements.
2. **Continuing Education** - The Town Treasurer will actively seek out advice of bond counsel on any matters that appear to raise ongoing compliance concerns and may attend or participate in seminars, teleconferences, etc. sponsored by organizations such as the Massachusetts Collector-Treasurer Association and the Massachusetts Government Finance Officers Association that address compliance issues and developments in the public finance bond arena. In addition, national organizations such as the Securities Industry and Financial Markets Association (SIFMA) and the National Association of Bond Lawyers (NABL) offer numerous training opportunities and materials which may be useful to the Town Treasurer.

##### B. Tax-Exempt Bonds Compliance Monitoring

1. **Restrictions against Private Use** - The Town Treasurer will continuously monitor the expenditure of bond proceeds and the use of facilities or equipment financed or refinanced with bonds to ensure compliance with Section 141 of the Internal Revenue Code (the

“Code”) which generally establishes limitations on the use of bond-financed facilities by non-state or local governmental entities, such as individuals using bond-financed assets on a basis other than as a member of the general public, corporations and the federal government and its agencies and instrumentalities.

a. ***Use of Bond Proceeds*** – the Town Treasurer will monitor and maintain records with respect to expenditures to ensure that bond proceeds are being used on capital expenditures for governmental purposes in accordance with the bond documents and document the allocation of all bond proceeds. Such monitoring is required not only for tax-exempt bonds, but also for tax credit bonds.

b. ***Use of the Bond-Financed Facility or Equipment***

- i. **Equipment assets financed with bonds** will be listed in a schedule for each bond issue, which schedule may be included in the Tax Certificate. Equipment assets generally are not to be disposed of prior to the earlier of (a) the date the bonds and all subsequent refundings of such bonds are fully paid, or (b) the end of the useful life of such equipment. The Town Treasurer will maintain the list of all bond-financed equipment for each bond issue, together with the equipment’s expected useful life.
- ii. **Constructed or acquired assets financed with bonds** – in order to ensure that assets constructed or acquired using bond proceeds, such as infrastructure assets, are not leased, sold or disposed of prior to the end of the term of the bonds and of all subsequent refundings of such bonds:
  - Any asset constructed or acquired with bond proceeds shall be flagged in the Town’s records, and
  - These projects will be monitored by the Town Treasurer.
- iii. If there is any proposal to change the use of a bond-financed facility from a governmental purpose to a use in which a private entity may have the use or benefit of such a facility on a basis that is different from the rest of the general public, the Town Treasurer will consult with bond counsel prior to the occurrence of the proposed change in use.

2. ***Qualification for Initial Temporary Periods and Compliance with Restrictions against Hedge Bonds***

a. ***Expectations as to Expenditure of “New Money” Bond Proceeds***

- i. In order to qualify under the arbitrage rules for an initial temporary period of 3 years for “new money” issues during which bond proceeds can be invested without regard to yield (but potentially subject to rebate), the Town must reasonably expect to spend at least 85% of “spendable proceeds” by the end of the temporary period. In general under Code Section 149, in order to avoid classification of an issue of bonds as “hedge bonds,” the Town must both (x) reasonably expect to spend 85% of the “spendable proceeds” of the bond issue within the 3 year period beginning on the date the bonds are issued and (y) invest not more than 50% of the proceeds of the issue in investments having a substantially guaranteed yield for 4 years or more. These expectations have been documented for the Town’s outstanding bond issues in the tax certificates executed in connection with each bond issue.

- ii. If, for any reason, the Town's expectations concerning the period over which the bond proceeds are to be expended change from what was documented in the applicable tax certificate, the Town Treasurer will consult with bond counsel.

**b. Project Draw Schedule Compliance Monitoring** – While there are unspent proceeds of a bond issue, the Town Treasurer will compare and analyze the original anticipated project draw schedule and the actual expenditure payouts and reimbursements on each bond-financed project on an annual or more frequent basis. The purpose of this analysis is to determine the variances from the original expected draw schedule for each project and to document the reasons for these variances to provide a continual record on the spending progress of each bond-financed project. Factors relevant to the analysis include unexpected delays in the project timelines, extreme weather, contract time extensions due to unexpected events, supplemental agreements and any other factor with a potential to impact the progress or completion of the projects. Generally, there should be no effect on the tax-exempt status of the bonds under either the temporary period rules or the hedge bond rules if the actual disbursements do not meet the original project draw schedule, unless circumstances surrounding the actual events cast doubt on the reasonableness of the stated expectations on the issuance date. Therefore, it is important for the Town Treasurer to update the progress of each project at least annually, and consult with bond counsel as to any variance from the original schedule.

**c. Bond Proceeds Expenditure Schedule Compliance Monitoring** – While there are unspent proceeds of bonds, the Town Treasurer will compare and analyze the bond proceeds expenditure schedule and the actual investment earnings on each project on an annual or more frequent basis. The purpose of this analysis is to determine any variances from the expected expenditure schedule and to document the reasons for these variances.

### **3. Arbitrage Rebate Compliance**

**a.** Bonds may lose their tax-favored status, retroactive to the date of issuance, if they do not comply with the arbitrage restrictions of section 148 of the Code. Two general sets of requirements under the Code must be applied in order to determine whether governmental bonds are arbitrage bonds: the yield restriction requirements of section 148(a) and the rebate requirements of section 148(f).

**b. Yield Restriction Requirements.** The yield restriction requirements provide, in general terms, that gross proceeds of a bond issue may not be invested in investments earning a yield higher than the yield of the bond issue, except for investments (i) during one of the temporary periods permitted under the regulations (including the initial three year temporary period described above), (ii) in a reasonably required reserve or replacement fund or (iii) in an amount not in excess of the lesser of 5% of the sale proceeds of the issue or \$100,000 (the "minor portion"). Under limited circumstances, the yield on investments subject to yield restriction can be reduced through payments to the IRS known as "yield reduction payments." The Tax Certificate will identify those funds and accounts associated with a particular issue of bonds known, as of the date of issuance, to be subject to yield restriction.

**c. Rebate Requirements**

- i. If, consistent with the yield restriction requirements, amounts treated as bond proceeds are permitted to be invested at a yield in excess of the yield on the bonds (pursuant to one of the exceptions to yield restriction referred to above), rebate payments may be required to be made to the U. S. Treasury. Under the applicable regulations, the aggregate rebate amount is the excess of the future value of all the receipts from bond funded investments over the future value of all the payments to acquire such investments. The future value is computed as of the computation date using the bond yield as the interest factor. At least 90% of the rebate amount calculated for the first computation period must be paid no later than 60 days after the end of the first computation period. The amount of rebate payments required for subsequent computation periods (other than the final period) is that amount which, when added to the future value of prior rebate payments, equals at least 90% of the rebate amount. For the final computation period, 100% of the calculated amount must be paid. Rebate exceptions and expectations are documented for each bond issue in the tax certificate executed at the time of such bond issue.
- ii. While there are unspent proceeds of bonds, the Town, at its discretion, may engage an experienced independent rebate analyst to annually calculate any rebate that may result for that year and annually provide a rebate report to the Town Treasurer. Bond counsel can assist with referrals to qualified rebate analysts.

#### **d. Timing of Rebate Payments**

The Town Treasurer will work with the rebate analyst to ensure the proper calculation and payment of any rebate payment and/or yield-reduction payment at the required time:

- i. First installment due no later than 60 days after the end of the fifth anniversary of each bond issuance;
- ii. Succeeding installments at least every five years;
- iii. Final installment no later than 60 days after retirement of last bond in the issue.<sup>1</sup>

#### **4. Refunding Requirements**

**a. Refunded Projects.** The Town Treasurer will maintain records of all bond financed assets for each bond issue, including assets originally financed with a refunded bond issue.

**b. Yield Restriction.** The Town Treasurer will work with its financial advisor and bond counsel to maintain records of allocation of bond proceeds for current and advance refundings of prior bond issues to ensure that such bond proceeds are expended as set forth in the applicable tax certificate executed at the time the refunding bonds are issued. Any yield restricted escrows will be monitored for ongoing compliance.

### **C. Record Retention**

- I. Section 6001 of the Code provides the general rule for the proper retention of records for federal tax purposes. The IRS regularly advises taxpayers to maintain sufficient records to support their tax deductions, credits and exclusions. In the case of a tax-exempt bond transaction, the primary taxpayers are the bondholders. In the case of other tax benefited

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<sup>1</sup> Generally, rebate payments must be paid not later than 60 days after retirement of the last bond in the issue.

bonds, such as “build America bonds” or “recovery zone economic development bonds”, the Town will be treated as the taxpayer. In order to ensure the continued exclusion of interest to such bondholders, it is important that the Town retain sufficient records to support such exclusion.

## 2. *In General*

- a. All records associated with any bond issue shall be stored electronically or in hard copy form at the Town’s offices or at another location conveniently accessible to the Town.
- b. The Town Treasurer will ensure that the Town provides for appropriate storage of these records.
- c. If storing documents electronically, the Town shall conform with Rev. Proc. 97-22, 1997-1 C.B. 652 (as the same may be amended, supplemented or superseded), which provides guidance on maintaining books and records by using an electronic storage system. Bond counsel can furnish a copy of this Revenue Procedure if needed.

## 3. *Bonds* - The Town shall maintain the bond record as defined in this section for the longer of the life of the bonds plus 6 years or the life of refunding bonds (or series of refunding bonds) which refunded the bonds plus 6 years. The bond record shall include the following documents:

### a. *Pre-Issuance Documents*

- i. *Guaranteed Investment Contracts (“GICs”) and Investments (other than Treasury’s State and Local Government Series Securities, “SLGs”)* – if applicable, the Town Treasurer shall retain all documentation regarding the procurement of each GIC or other investment acquired on or before the date of bond issuance, including as applicable the request for bids, bid sheets, documentation of procurement method (i.e., competitive vs. negotiated), etc. If investments other than SLGs are used for a defeasance escrow, the documentation should include an explanation of the reason for the purchase of open market securities and documentation establishing the fair value of the securities and compliance with safe harbor bidding rules. If SLGs are purchased, a copy of the final subscription shall be maintained.
- ii. *Project Draw Schedule* – the Town Treasurer shall retain all documentation and calculations relating to the draw schedule used to meet the “reasonable expectations” test and use of proceeds tests (including copies of contracts with general and sub-contractors or summaries thereof).
- iii. *Issue Sizing* – the Town Treasurer shall maintain a copy of all financial advisor’s or underwriters structuring information.
- iv. *Bond Insurance* – if procured by the Town, the Town Treasurer shall maintain a copy of insurance quotes and calculations supporting the cost benefit of bond insurance, if any.
- v. *Costs of Issuance documentation* – the Town Treasurer shall retain all invoices, payments and certificates related to costs of issuance of the bonds.

### b. *Issuance Documents*

- i. The Town Treasurer shall retain the bound bond transcript delivered from bond counsel.

c. *Post-Issuance Documents*

- i. *Post-Issuance Guaranteed Investment Contracts and Investments (Other than SLGs)* – the Town Treasurer shall retain all documentation regarding the procurement of any GIC or other investment acquired after bond issuance, including as applicable the request for bids, bid sheets, documentation of procurement method (i.e., competitive vs. negotiated), etc. If investments other than SLGs are used for a defeasance escrow, the documentation should include an explanation of the reason for the purchase of open market securities and documentation establishing the fair value of the securities and compliance with safe harbor bidding rules.
- ii. *Records of Investments*- shall be retained by the Town Treasurer.
- iii. *Investment Activity Statements*-shall be retained by the Town Treasurer.
- iv. *Records of Expenditures*-- the Town Treasurer shall maintain or shall cause to be maintained all invoices, etc. relating to equipment purchases and constructed or acquired projects, either electronically or in hard copy.
- v. *Records of Compliance*
  - *Qualification for Initial Temporary Periods and Compliance with Restrictions Against Hedge Bond Documentation* – the Town Treasurer shall prepare the annual analysis described in Section II(B)(2) above and maintain these records.
  - *Arbitrage Rebate Reports* – may be prepared by the Town Treasurer or a third party as described in section II (B)(3) of this document and retained by the Town Treasurer.
  - *Returns and Payment* – shall be prepared at the direction of the Town Treasurer and filed as described in Section II(B)(3) of this document.
  - *Contracts under which any bond proceeds are spent (consulting engineering, acquisition, construction, etc.)* - the Town Treasurer shall obtain copies of these contracts and retain them for the bond record.

d. *General*

- i. *Audited Financial Statements* – the Town Treasurer will maintain copies of the Town's annual audited Financial Statements.
- ii. *Reports of any prior IRS Examinations* – the Town Treasurer will maintain copies of any written materials pertaining to any IRS examination of the Town's bonds.

**III. Voluntarily Correcting Failures to Comply with Post-Issuance Compliance Activities**

If, in the effort to exercise due diligence in complying with applicable federal tax laws, a potential violation is discovered, the Town may address the violation through the applicable method listed below. The Town should work with its bond counsel to determine the appropriate way to proceed.

**A. Taking remedial actions as described in Section 141 of the Internal Revenue Code**

**B. Utilizing the Voluntary Closing Agreement Program (VCAP)** - Section 7.2.3 of the Internal Revenue Manual establishes the voluntary closing agreement program for tax-exempt bonds (TEB VCAP) whereby issuers of tax-exempt bonds can resolve violations of the Internal Revenue Code through closing agreements with the Internal Revenue Service.

**IV. Post Issuance Tax Compliance Procedures Review**

The Town Treasurer shall review these procedures at least annually, and implement revisions or updates as deemed appropriate, in consultation with bond counsel.



**EXHIBIT C**

**POST ISSUANCE COMPLIANCE NOTES**  
**[Name of Bonds]**

**Transaction Parties**

Overall Responsible Party for Debt Management Activities \_\_\_\_\_

Bond Counsel \_\_\_\_\_

Paying Agent \_\_\_\_\_

Rebate Specialist \_\_\_\_\_

Other \_\_\_\_\_



*Tentative Working List of Special Town Meeting and Annual Town Meeting Articles  
as of January 2, 2015  
(not voted or in final order of appearance on warrant)*

Special Town Meeting

Unpaid Bill FY 14  
Sewer Expenses FY 15  
Sewer Debt Paydown (\$175,000)  
Library Utility Expenses FY 15  
Establishment of Stabilization Fund for Sewer Enterprise Fund  
Cemetery Expansion  
Energy Rebate – School Painting (\$50,000)  
Donation of Land – Musquashicut Berm  
Insurance Recovery – General  
Insurance Recovery- Chain Pond

Annual Town Meeting

Compensation of Elected Officials (Town Clerk adjustment)  
Reauthorization of Revolving Funds: Senior Center, Planning Board, Food Establishment,  
School Transportation, Beach Stickers, Flu Clinic, Wind Turbine Revenues, Solar Array  
Revenues  
Establishment of Stabilization Fund for Water Enterprise Fund  
Fiscal Year 2016 Capital Improvement Plan and Transfers to Capital Stabilization Fund  
Fiscal Year 2016 Operating Budget  
Senior Citizen Tax Exemption  
Waterways Enterprise Fund  
Golf Course Enterprise Fund  
Wastewater Enterprise Fund  
Transfer Station Enterprise Fund  
Water Enterprise Fund  
Community Preservation Act  
Community Preservation Act Reconciliations  
Massachusetts General Laws Chapter 91 Liability  
Zoning Amendment – 40R Zoning for Greenbush and Driftway  
Zoning Amendment - Set Maximum Size for Accessory Dwellings  
Zoning Amendment - Building Height Definition and Side Setback in FEMA Flood Zones  
Clapp Road Land Swap  
Land Donation

ARTICLES BY PETITION

*Petition to appropriate \$2,000,000 for seawalls:*

“To see if the Town will vote to raise and appropriate, borrow, or transfer from available funds in the Treasurer the sum of \$2,000,000.00 for the purpose of repairing, reconstructing, or maintaining existing foreshore protection structures in the Town of Scituate”

*Petition for Zoning Amendments to Section 490 Planned Development District*  
This petition is confusing and it is not clear what relief the petitioners are seeking.

PAV;12/14