

OFFICIAL STATEMENT DATED JUNE 10, 2015

Rating: See "Rating" herein.
Standard & Poor's Rating Services: AA+

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code").

TOWN OF SCITUATE, MASSACHUSETTS
\$86,863,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

DATED
Date of Delivery

DUE
September 15
(as shown below)

The Bonds are issuable only in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York.

Principal of the Bonds will be payable September 15 of the years in which the Bonds mature. Interest on the Bonds will be payable March 15 and September 15 of each year, commencing September 15, 2015.

The Bonds are subject to redemption prior to their stated maturity dates as described herein.

The Bonds are valid general obligations of the Town of Scituate, Massachusetts and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount.

MATURITIES, PRINCIPAL AMOUNTS, RATES, PRICES, YIELDS AND CUSIPS

Table with 10 columns: Due September 15, Principal Amount, Rate, Yields, Cusip 809095, Due September 15, Principal Amount, Rate, Yields, Cusip 809095. Rows list bond maturities from 2015 to 2025.

\$12,780,000 Rate 4.00% Term Bonds Maturing September 15, 2039 Yield 4.00% CUSIP # WMO

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale (see "Opinion of Bond Counsel.")

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Wednesday, June 10, 2015, 12:00 NOON (E.T).

Location of Sale: First Southwest Company, LLC, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Scituate, Massachusetts.

Issue: \$86,863,000 General Obligation Municipal Purpose Loan of 2015 Bonds, see "THE BONDS" herein.

Official Statement Dated: June 10, 2015.

Dated Date of the Bonds: Date of Delivery.

Principal Due: Serially on September 15, 2015 through September 15, 2035, one Term Bond Maturing September 15, 2039, as set forth herein.

Interest Payable: March 15 and September 15 of each year, commencing September 15, 2015.

Purpose and Authority: Bond proceeds will finance various municipal projects and refinance certain of the Town's outstanding bonds as authorized by the Town under provisions of Chapter 44 of the Massachusetts General Laws as detailed herein.

Redemption: The Bonds are subject to redemption prior to their stated maturity dates as described herein.

Security: The Bonds will be valid general obligations of the Town of Scituate, Massachusetts, and the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

Credit Rating: Standard & Poor's Rating Services has assigned a rating of AA+ to the Bonds.

Bond Insurance: The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$200,000.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion of Bond Counsel".

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".

Bank Qualification: The Bonds will not be designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent/Escrow Agent: U.S. Bank National Association, Boston, Massachusetts.

Verification Agent: Grant Thornton LLP, Minneapolis, Minnesota.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts. See "THE BONDS – Opinion of Bond Counsel".

Financial Advisor: First Southwest Company, LLC, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, New York, New York, or to its custodial agent, on or about June 29, 2015, against payment in Federal Funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Ms. Pamela J. Avitabile, Treasurer, Town of Scituate, Massachusetts telephone (781) 545-8720 or Peter Frazier, Senior Vice President, First Southwest Company, LLC, Boston, Massachusetts Telephone (617) 619-4409.

NOTICE OF SALE

TOWN OF SCITUATE, MASSACHUSETTS

\$85,543,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

The Town of Scituate, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 12:00 NOON, Eastern Time, Wednesday, June 10, 2015, for the purchase of the following described General Obligation Municipal Purpose Loan of 2015 Bonds of the Town (the "Bonds"):

\$85,543,000* General Obligation Municipal Purpose Loan of 2015 Bonds payable September 15 of the years and in the amounts as follows:

<u>Due</u> <u>September 15</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>September 15</u>	<u>Principal</u> <u>Amount*</u>
2015	\$ 3,458,000	2028	** \$3,170,000
2016	3,900,000	2029	** 3,170,000
2017	3,910,000	2030	** 3,165,000
2018	3,910,000	2031	** 3,165,000
2019	3,855,000	2032	** 3,165,000
2020	3,850,000	2033	** 3,165,000
2021	3,850,000	2034	** 3,140,000
2022	3,835,000	2035	** 3,140,000
2023	3,830,000	2036	** 3,140,000
2024	3,765,000	2037	** 3,140,000
2025	** 3,175,000	2038	** 3,140,000
2026	** 3,175,000	2039	** 3,140,000
2027	** 3,170,000		

*Preliminary, subject to change.

** Callable maturities. May be combined into one, two or three Term Bonds, as provided herein.

The Bonds will be dated as of their date of delivery. Principal of the Bonds will be payable on September 15 of the years in which the Bonds mature. Interest will be payable on September 15, 2015 and semi-annually thereafter on March 15 and September 15 of each year.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its Nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such Participants and other Nominees of Beneficial Owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The Bonds maturing in the years 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after September 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after September 15, 2024, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For Bonds maturing on September 15, 2025, and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemptions prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on September 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof, without premium.

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any interest rate in excess of 5.0 percent. No bid of less than par and accrued interest to date of delivery, and a premium of at least \$200,000 will be considered.

The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (a) produce sufficient funds to effect the refunding for which a portion of the Bonds are being issued, in part, after taking into account premium received by the Town and the actual investment yield at which the proceeds of this portion of the Bonds are to be invested, (b) to account for any changes in the bonds to be refunded with a portion of proceeds of the Bonds based on the actual debt service savings to be realized by the Town, and (c) to produce sufficient funds for the debt excluded purposes for which a portion of the Bonds are being issued after taking into account the actual premium received by the Town. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by not more than fifteen percent (15%) of the aggregate principal amount of the Bonds stated in this Notice of Sale. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THIS LIMIT.** The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 4 P.M. on the day of the sale.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of June 29, 2015, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Pamela J. Avitabile, Treasurer, Town of Scituate, Massachusetts c/o First Southwest Company, 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to First Southwest Company, LLC, telephone (617) 619-4400 at least one-half hour prior to the 12:00 NOON sale and after receipt of the faxed bid form by First Southwest Company, LLC. First Southwest Company, LLC will act as agent for the bidder, but neither the Town nor First Southwest Company, LLC shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and Board of Selectmen.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town of Scituate has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to Standard and Poor's Rating Services for a rating on the Bonds. Any such fee paid to Standard and Poor's Rating Services would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated June 4, 2015 (see "THE BONDS – Opinion of Bond Counsel"), (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will not be designated as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code.

Additional information concerning the Town of Scituate and the Bonds is contained in the Preliminary Official Statement dated June 4, 2015, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice, to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from First Southwest Company, LLC, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4409). Within seven (7) business days following the award of the Bonds in accordance herewith, 50 copies of the Final Official Statement will be available from the First Southwest Company, LLC to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of June 10, 2015 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto, shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on said Bonds shall be paid for by the Town, however, the Town assumes no responsibility for any CUSIP Service Bureau or other charges that may be imposed for the assignment of such numbers.

The Bonds, in definitive form, will be delivered to DTC, or its custodial agent, on or about June 29, 2015 for settlement in Federal Reserve Funds.

/s/ Ms. Pamela J. Avitabile, Treasurer
Town of Scituate, Massachusetts

June 4, 2015

OFFICIAL STATEMENT

TOWN OF SCITUATE, MASSACHUSETTS

\$86,863,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2015 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Scituate, Massachusetts (the "Town") in connection with the sale of \$86,863,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2015 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their date of delivery and will bear interest payable semiannually on March 15 and September 15 of each year commencing September 15, 2015. The Bonds shall mature on September 15 of the years and in the principal amounts as set forth on the first page of this Official Statement.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof with the exception of three \$1,000 denominations maturing in 2015. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Redemption Provisions

The Bonds are subject to redemption as described below.

Optional Redemption

The Bonds maturing in the years 2015 through 2024 will not be subject to redemption prior to maturity. The Bonds maturing on and after September 15, 2025 shall be subject to redemption prior to maturity, at the option of the Town, on or after September 15, 2024, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bonds maturing September 15, 2039 (the "Term Bond") is subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts as set forth below (the particular portion of each Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$12,780,000 Term Bond Maturing September 15, 2039

<u>September 15</u>	<u>Principal Amount</u>
2036	\$ 3,195,000
2037	3,195,000
2038	3,195,000
2039 *	3,195,000

*Final maturity.

Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed by registered mail to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date, provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it, DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

Purpose	This Issue	Original Bond Authorization	Bond Anticipation Notes Outstanding	Statutory Reference	Dates of Approval
School Security	\$ 150,000	\$ 150,000	\$ 150,000	Ch.44, s.7(3A)	4/9/13, art. 3B
School Technology (Phase II)	150,000	150,000	150,000	Ch.44, s.7(28) & 7(29)	4/9/13, art. 3D
Road/Sidewalk Improvements	400,000	400,000	400,000	Ch.44, s.7(5) or 7(6)	4/9/13, art. 3I
Water Pipe Replacement	400,000	400,000	400,000	Ch.44, s.8	4/9/13, art. 3L
Fire Department Equipment	400,000	400,000	400,000	Ch.44, s.7(9)	11/4/13, art. 8
Water Pipe Improvement & Replacement	14,000,000	22,000,000	6,800,000	Ch.44, s.8	11/4/13, art. 11
Roadway Improvements	200,000	200,000	200,000	Ch.44, s.7(5)	4/14/14, art.5C
DPW Highway Dump Truck	135,000	135,000	135,000	Ch.44, s.7(9)	4/14/14, art.5J
School Technology - Software	200,000	200,000	200,000	Ch.44, s.7(29)	4/4/14, art. 5R
Police and Fire Communication System	208,000	208,000	208,000	Ch.44, s.7(14)	4/4/14, art. 5B
Library Renovations	4,645,000	12,000,000 (1)(2)	-	Ch.44, s.7(3) & 7(3A)	11/4/13, art. 12
Foreshore Protection	300,000	300,000	-	Ch.44, s.7(33)	4/4/14, art. 5E
Public Safety Complex	15,045,000	16,200,000 (1)	-	Ch.44, s.7(3)	12/3/14, art. 1
High & Middle School Construction	46,425,000	75,000,000 (1)(3)	-	Ch.70B	12/3/14, art. 2
Refunding	4,205,000			Ch.44, s.21A	
	<u>\$ 86,863,000</u>		<u>\$ 9,043,000 (4)</u>		

(1) The Town voted to exempt these authorizations from the limitations of Proposition 2 ½.

(2) The Town expects to receive approximately 44.06% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible project costs with a maximum grant of \$20,917,975. The Town's local share is estimated at approximately \$54,082,025. To date, the Town has received \$853,885 from the MSBA.

(3) The Town expects approximately \$5,624,196 in grant payments for this project of which \$1,994,192 has been received to date.

(4) This issue will retire a like amount of bond anticipation notes maturing June 30, 2015.

A portion of Bond proceeds will be used to current refund the Town's \$10,000,000 General Obligation Bonds dated September 15, 2005, maturing September 15 of the years 2016* through 2024 inclusive, in the aggregate principal amount of \$4,725,000 on September 15, 2015 (the "Refunded Bonds"), and to pay costs of issuing the Bonds. The September 2005 Refunded Bonds are exempt from the limits of Proposition 2 ½.

Principal Maturities by Purpose

September 15	Water Pipe		School	Public Safety	Library Renovation	School Security	School Technology	Fire Departmental Equipment
	Water Pipe Replacement	Improvement & Replacement						
2015	\$ 20,000	\$ 565,000	\$ 1,860,000	\$ 605,000	\$ 190,000	\$ 15,000	\$ 25,000	\$ 45,000
2016	20,000	565,000	1,860,000	605,000	190,000	15,000	20,000	45,000
2017	20,000	565,000	1,860,000	605,000	190,000	15,000	20,000	45,000
2018	20,000	565,000	1,860,000	605,000	190,000	15,000	15,000	45,000
2019	20,000	565,000	1,860,000	605,000	185,000	15,000	15,000	45,000
2020	20,000	565,000	1,860,000	605,000	185,000	15,000	15,000	45,000
2021	20,000	565,000	1,860,000	605,000	185,000	15,000	15,000	45,000
2022	20,000	565,000	1,860,000	605,000	185,000	15,000	15,000	45,000
2023	20,000	565,000	1,860,000	605,000	185,000	15,000	10,000	40,000
2024	20,000	565,000	1,860,000	600,000	185,000	15,000		
2025	20,000	560,000	1,855,000	600,000	185,000			
2026	20,000	560,000	1,855,000	600,000	185,000			
2027	20,000	560,000	1,855,000	600,000	185,000			
2028	20,000	560,000	1,855,000	600,000	185,000			
2029	20,000	560,000	1,855,000	600,000	185,000			
2030	20,000	555,000	1,855,000	600,000	185,000			
2031	20,000	555,000	1,855,000	600,000	185,000			
2032	20,000	555,000	1,855,000	600,000	185,000			
2033	20,000	555,000	1,855,000	600,000	185,000			
2034	20,000	555,000	1,855,000	600,000	185,000			
2035		555,000	1,855,000	600,000	185,000			
2036		555,000	1,855,000	600,000	185,000			
2037		555,000	1,855,000	600,000	185,000			
2038		555,000	1,855,000	600,000	185,000			
2039		555,000	1,855,000	600,000	185,000			
Total	\$ 400,000	\$ 14,000,000	\$ 46,425,000	\$ 15,045,000	\$ 4,645,000	\$ 150,000	\$ 150,000	\$ 400,000

September 15	Police & Fire		Roadway Improvements	DPW Highway Truck	School Technology	Foreshore Protection	Refunding*	Total
	Road/Sidewalk Improvements	Communications System						
2015	\$ 40,000	\$ 28,000	\$ 20,000	\$ 20,000	\$ 50,000	\$ 30,000	\$ -	\$ 3,513,000
2016	40,000	25,000	20,000	20,000	50,000	30,000	470,000	3,975,000
2017	40,000	25,000	20,000	20,000	50,000	30,000	470,000	3,975,000
2018	40,000	25,000	20,000	20,000	50,000	30,000	470,000	3,970,000
2019	40,000	25,000	20,000	20,000		30,000	470,000	3,915,000
2020	40,000	20,000	20,000	20,000		30,000	465,000	3,905,000
2021	40,000	20,000	20,000	15,000		30,000	465,000	3,900,000
2022	40,000	20,000	20,000			30,000	465,000	3,885,000
2023	40,000	20,000	20,000			30,000	465,000	3,875,000
2024	40,000		20,000			30,000	465,000	3,800,000
2025								3,220,000
2026								3,220,000
2027								3,220,000
2028								3,220,000
2029								3,220,000
2030								3,215,000
2031								3,215,000
2032								3,215,000
2033								3,215,000
2034								3,215,000
2035								3,195,000
2036								3,195,000
2037								3,195,000
2038								3,195,000
2039								3,195,000
Total	\$ 400,000	\$ 208,000	\$ 200,000	\$ 135,000	\$ 200,000	\$ 300,000	\$ 4,205,000	\$ 86,863,000

Plan of Refunding

Upon delivery of the Bonds, the Town will enter into a Refunding Escrow Agreement (the "Refunding Escrow Agreement") with U.S. Bank National Association, as Escrow Agent, to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds necessary to refund the Refunded Bonds, the Escrow Agent will deposit in the Refunding Escrow Fund established under the Refunding Escrow Agreement an amount which will be held in cash and an amount which will be invested in direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America ("Government Obligations") maturing in amounts and bearing interest at rates sufficient without reinvestment, together with the cash on deposit in the Refunding Escrow Fund, to pay when due, interest on, and upon redemption, the outstanding principal of on the Refunded Bonds. The Refunding Escrow Fund, including the interest earnings on the Government Obligations, will be pledged for the benefit of the holders of the Refunded Bonds.

Verification of Mathematical Computations

The accuracy of the mathematical computations relating to the adequacy of the maturing principal amounts of the Government Obligations together with the interest income thereon and uninvested funds, if any, to provide for the payment of the Refunded Bonds, will be verified by Grant Thornton LLP, independent certified public accountants. Such verification will be based upon information and assumptions supplied by First Southwest Company, LLC on behalf of the Town. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by First Southwest Company, LLC and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Sources:

Par Amount of the Bonds	\$ 86,863,000.00
Premium	7,632,025.28
Cash Contribution	30,507.00
Total Sources	<u>\$ 94,525,532.28</u>

USES:

Deposit to Refunding Escrow Fund	\$ 4,818,187.50
Project Fund Deposit	87,743,000.00
Purchaser's Discount	400,180.19
Costs of Issuance	191,950.00
Additional Proceeds	1,372,214.59
Total Uses	<u>\$ 94,525,532.28</u>

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not

opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Types of Obligations- Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as

described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS" below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the "Commonwealth") or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority ("MBTA") or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority ("MWRA"), if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority ("MSBA"), or for charges necessary to meet obligations under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs,

including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Rating

Standard & Poor's Rating Services has assigned a rating of AA+ to the Bonds. Such rating reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

Financial Advisory Services of First Southwest Company

First Southwest Company, LLC, Boston, Massachusetts serves as financial advisor to the Town of Scituate, Massachusetts.

Continuing Disclosure

In order to assist the underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule.

In the past five years the Town believes that it has complied in all material respects with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

THE TOWN OF SCITUATE

General

The Town of Scituate (the "Town") was incorporated in 1636 and is located in Plymouth County. It is approximately 25 miles southeast of Boston and 40 miles from Cape Cod. The Town is bordered by the Atlantic Ocean on the east and north, Marshfield on the south, Norwell on the southwest, Hingham on the west, and Cohasset on the northwest. It is approximately 17 square miles in area. The Town has a year round population of 18,133, and 30,000 in summer months. Scituate is a residential community with a substantial summer population. It has 57 miles of tidal shoreline that includes five beaches and saltwater recreation areas for boating, fishing and other marine sports. Its harbor is home to approximately 1,300 boats in season and is one of the most sheltered/protected harbors on the East Coast.

Local Government

Local legislative decisions are made by a town meeting open to all residents. Subject to legislative decisions made by town meeting, the affairs of the Town are generally administered by a five member Board of Selectmen and a Town Administrator.

Local taxes are assessed by a three-member board of assessors elected for staggered three-year terms. Local school affairs are administered by a school committee of five persons also elected for staggered three year terms.

Principal Executive Officers

The principal executive officers of the Town are as follows:

<u>Office</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Expiration of Term</u>
Selectmen	Shawn Harris	Elected – 3-year term	2017
	Martin O'Toole	Elected - 3-year term	2016
	Anthony Vegnani	Elected - 3-year term	2017
	John F. Danehey	Elected - 3-year term	2016
	Maura Curran	Elected – 3-year term	2018
Town Administrator	Patricia A. Vinchesi	Appointed	Indefinite
Treasurer/Collector	Pamela Avitabile	Appointed	2016
Finance Director/ Accountant	Nancy Holt	Appointed	2017
Town Clerk	Kathleen Curran	Elected - 3 year term	2015
Town Counsel	Murphy, Hesse, Toomey & Lehane	Indefinite	Indefinite

Municipal Services

Public Services - The Town's Public Works Department is divided into five divisions: (1) Highways and Grounds; (2) Engineering; (3) Transfer Station; (4) Water; and (5) Sewer. The Transfer Station and Water and Sewer divisions operate as enterprise funds.

Water - The Department of Public Works Water Division is responsible for the construction, operation and maintenance of Scituate's municipal water system. The Water Division supervisor is responsible for the daily operations of the Water Division, which provides for the water service needs of nearly 100% of the population. Scituate's water supply is obtained from six gravel packed wells along with a reservoir. The Water Department is self-supporting including debt service. On November 4, 2013, the Town approved a \$22,000,000 water pipe improvement and replacement project which will replace approximately 21 miles of water mains which will occur in three phases. Phase I of this project is complete and phase II is ongoing and will be complete in calendar 2015. Phase III engineering and design will take place in the fall/summer of calendar 2015 and construction in the spring of calendar 2017.

Sewer Facilities- The Town's sewer system is comprised of the North River Water Pollution Treatment Facility and a sanitary sewer collection system with eight pump stations. Sewer service is available to 33 percent of all residential properties in Scituate and to the business districts of Scituate Harbor & Greenbush. The Town discharges its sewage into its own treatment facility. Commercial and residential users are charged, quarterly, a minimum and an excess meter reading. In the past two years, the Town has implemented an aggressive infrastructure upgrade, and expansion program for water, and sewer funded by users. The Sewer operation is self-supporting including debt service. On April 14, 2014, the Town approved \$400,000 for the design and engineering work related to Phase IV of the five phased sewer expansion project.

Safety Services - The Scituate Police Department carries out investigative, enforcement, support and educational functions in order to promote the safety and general welfare of the citizens of the Town. The Department consists of a chief, two Lieutenants, five Sergeants, two Detectives, one K9 Officer, one Traffic Enforcement Officer, twenty two Patrol Officers, and five Dispatchers. Equipment consists of nine patrol cars, two unmarked cars, and one Animal Control vehicle.

The Town of Scituate has three fire stations. At the present time, the department has a chief, deputy chief, four captains, four lieutenants and thirty six full-time fire fighters. They handle their own dispatching and have two full-time dispatchers and one part-time dispatcher. The Safety Services Department is also responsible for the Town's advanced life support ambulance service and emergency medical and rescue operation.

Library Services - The municipal library was completed and occupied in 1978 and the construction cost was fully funded by the federal government. The library offers a variety of services and programs to Scituate residents in all age groups. Traditional library services are enhanced by modern technologies and innovative information systems. The library is centrally located and serves as a convenient meeting place for community groups. The Board of Library Trustees is responsible for establishing policies governing the operation of the library. On November 4, 2013, the Town approved a \$12,000,000 library renovation project which will be offset with a \$4,900,000 public construction grant from the Massachusetts Board of Library Commissioners. On December 14, 2013, the Town voted to exclude this debt from the limitations of Proposition 2 ½.

Recreation - The Town operates two public marinas comprised of 236 slips with permanent and transient docking facilities for commercial and pleasure boats. Fifteen additional slips were added in the spring of 2011. The Recreation Department oversees, and maintains the Town's beaches and 17 athletic fields, and offers several fee-based programs. The marina is accounted for as an enterprise fund and is completely self-supporting, including debt service. The Town also operates an 18-hole municipal golf course. Maintenance on the golf course is performed by International Golf Maintenance of Champions Gate, Florida. The course, which opened in June 1997, is also self-supporting, including debt service, and is an enterprise fund as well. The Recreation Department offers several fee-based programs.

Education

The Town provides a comprehensive school system which offers education from grades Pre-K-12, as well as special needs programs. In addition, the Town has an Adult Evening School Center equipped with the latest facilities for computer-based studies located in the Senior High School. Vocational education is provided by the South Shore Regional Vocational-Technical School District, of which the Town is a member. The following table sets forth the trend in the Town's public school enrollments:

	Average Annual Enrollments (1)				
	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Pre-K	78	73	78	69	72
Grades K/6	1,859	1,813	1,764	1,670	1,628
Grades 7/8	515	523	567	510	485
Grades 9/12	830	863	873	871	912
Ungraded	<u>4</u>	<u>4</u>	<u>4</u>	<u>2</u>	<u>0</u>
Total	<u>3,286</u>	<u>3,276</u>	<u>3,286</u>	<u>3,122</u>	<u>3,097</u>

(1) As of October 1 each school year.

The following table sets forth the projected enrollments for the next two school years:

	Projected Annual Enrollments	
	<u>2015/16</u>	<u>2016/17</u>
Pre-K	71	72
Grades K/6	1,511	1,449
Grades 7/8	533	521
Grades 9/12	921	902
Ungraded	<u>0</u>	<u>0</u>
Total	<u>3,036</u>	<u>2,944</u>

Source: Superintendent of Schools.

Public Schools – Currently, the public school system of the Town consists of four elementary schools (K-6) with an enrollment of 1,670 students; one intermediate school (7-8) with an enrollment of 510 students; and one senior high school with an enrollment of 871 students. The Town also has a Pre-K program which is housed at the high school with an enrollment of 69 students.

The school system has 280 teachers, 13 administrators, 6 nurses and 145 support personnel. The approximate student/teacher ratio is 14 to 1 at the elementary, 16 to 1 at the intermediate levels, and 16 to 1 at the high school level.

Town of Scituate, MA - Population Trends

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
18,266	19,317	18,002	17,316

Source: Town Clerk.

Age, Income and Wealth Levels

	<u>Scituate</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	45.1	39.1	37.2
2000	40.7	36.5	35.3
1990	36.9	33.6	32.9
Median Family Income:			
2010	\$ 86,723	\$ 81,165	\$ 51,144
2000	86,058	61,664	50,046
1990	59,168	44,367	35,225
Per Capita Income:			
2010	\$ 44,549	\$ 33,966	\$ 27,344
2000	33,940	25,952	21,587
1990	11,203	17,224	14,420

Source: U.S. Bureau of the Census.

Largest Employers

The Town is primarily a residential community and, excluding the Town itself, there is only one employer that employs over 100 employees: Life Care Center, a nursing home employing 185 persons. No other employers within the Town have more than 100 employees, although several restaurants, numerous banks, another nursing home and a concrete pipe manufacturer employ between 50 and 99 people.

Building Permits

The following table sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for the following fiscal years:

<u>Fiscal Year</u>	<u>New Construction</u>		<u>Additions/Alterations</u>		<u>Total</u>	
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
2015 (1)	6	\$1,275,000	44	\$704,200	50	\$1,979,200
2014	44	13,615,034	829	11,266,430	873	24,881,464
2013 (2)	52	14,888,035	719	15,146,040	771	30,034,075
2012	37	10,597,458	661	14,867,844	698	25,465,302
2011	14	4,161,100	543	18,144,658	557	22,305,758
2010	29	9,460,130	478	4,042,831	507	13,502,961

Source: Building Commissioner.

(1) Issued through February 2, 2015.

(2) Increase attributable to a historically low interest rate, increased demand and an improved economic outlook.

Economic Development

The Town has a number of permitted development projects currently underway. The major developments include:

DEVELOPMENT	UNITS/COMMERCIAL SPACE APPROVED	CONSTRUCTION STATUS	% COMPLETE
Riverway Condominiums (60 New Driftway)	24 condominiums and commercial building with 2 rental apts approved	24 condominiums built 19 CO's issued – comm'l bldg not complete	85%
Village at South River (Central Ave.)	14 condominiums, 1 affordable off site unit and 16 slip marina approved	14 condominiums permitted, 11 CO's issued and marina complete	90% Complete
Stockbridge Landing (formerly Stockbridge Woods) (96 Stockbridge Rd.)	74 rental apts approved	Site work has started	15% complete
Tilden Estates (Evangeline Dr.)	15 lots subdivision approved	15 homes permitted and 15 C/O's issued	Complete – road will be up for acceptance at 2015 ATM
275/277 Chief Justice Cushing Highway	2 lot common driveway approved	2 homes permitted, 2 CO's issued some minor site work remaining	99% complete
Whitcomb Pines (Alexander Dr., Kyle Path)	40 condominiums approved (40B development)	40 condominiums permitted and 32 CO's issued	90% complete
Walden Woods	28 condominiums approved (40B development)	16 units permitted 6 CO's issued some site work remaining	50% complete
556/562 First Parish Rd.	3 lot common driveway, 2 new homes approved	2 homes built, 2 CO's issued some minor site work remaining	99% complete
Deer Common (530 Chief Justice Cushing Highway)	12 lot subdivision approved	1 house permitted a lot of site work remaining	20% complete
Dreamwold Estates (Coby's Run)	3 lot subdivision approved	3 homes built, 3 CO's issued road as built needed	99% complete
The Glen (Kevin's Way)	10 lot subdivision	Some site work completed, new owner to build as 10 condominiums	15% complete
Benjamin Studley Farm (214 Clapp Rd)	9 lot subdivision	Road base, drainage & utilities mostly installed. Lots released for construction	25% complete
543/543R Country Way	2 lot common driveway	Approved, renovation of antique house on first lot done. Common driveway complete	50% complete
Colonel Mansfield Estates	1 lot added to subdivision	1 house permitted, house under construction	50% complete
Blanchard Farm	11 lot subdivision	1 house and 2	30% complete

DEVELOPMENT	UNITS/COMMERCIAL SPACE APPROVED	CONSTRUCTION STATUS	% COMPLETE
Estates (40 Curtis St)		foundations permitted some site work remaining Lots released for construction	
White Ash Farm (305 Country Way)	3 lot subdivision	1 house permitted Roadway work started.	10% complete
Ingrid Lane	2 lot subdivision	Road complete. Lots released for construction	25% complete
50 Country Way	Mixed use development; includes 6,400 sq. ft. office, 2,200 sq. ft. retail, 30 residential units	In approval process	N/A
Various (separate properties)	7 accessory dwellings (rental apts)	Approved; some construction started	N/A

PROPERTY TAXATION

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>	<u>Fiscal 2011</u>
Gross Amount to be Raised:					
Appropriations	\$ 78,467,790	\$ 76,364,245	\$ 71,876,401	\$ 71,405,054	\$ 66,820,371
Other Local Expenditures	31,658	43,495	28,230	28,385	33,203
State & County Charges	477,839	463,691	491,928	498,028	568,260
Overlay Reserve	275,000	220,000	219,170	250,000	250,000
Total Gross Amount to be Raised	<u>79,252,287</u>	<u>77,091,431</u>	<u>72,615,729</u>	<u>72,181,467</u>	<u>67,671,834</u>
Offsets:					
Estimated Receipts - State	7,085,154	6,958,087	6,791,545	6,541,049	6,689,275
Estimated Receipts - Local	17,627,902	16,352,216	15,566,947	17,561,858	15,179,413
Appropriated:					
Free Cash	2,081,239	2,287,431	1,147,091	936,232	376,826
Other Available Funds	816,518	1,556,418	1,027,990	470,001	2,094,674
Free Cash & Other Revenue Used to Reduce the Tax Rate	-	-	-	-	-
Total Offsets	<u>27,610,813</u>	<u>27,154,152</u>	<u>24,533,573</u>	<u>25,509,140</u>	<u>24,340,188</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 51,641,474</u>	<u>\$ 49,937,279</u>	<u>\$ 48,082,156</u>	<u>\$ 46,672,324</u>	<u>\$ 43,331,646</u>
Property Valuation	\$ 3,942,097,250	\$ 3,826,611,930	\$ 3,780,043,710	\$ 3,782,198,290	\$ 3,851,701,910
Tax Rate per \$1,000 (1)	\$ 13.10	\$ 13.05	\$ 12.72	\$ 12.34	\$ 11.25

Source: Board of Assessors.

(1) The Town taxes all property at a single rate (residential, commercial, industrial, personal).

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value".

Valuation of real and personal property in the Town of Scituate is established by the Board of Assessors. The Town generally takes real property into tax title for nonpayment of taxes within two years.

The following table sets forth the trend in the Town's assessed and equalized valuations:

Fiscal Year	Assessed Valuations (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
2015	\$ 3,900,972,700	\$ 41,124,550	\$ 3,942,097,250	\$ 4,103,737,600	96.1 %
2014	3,788,924,500	37,686,890	3,826,611,390	4,137,906,200	92.5
2013	3,739,956,490	40,087,220	3,780,043,710	4,137,906,200	91.4
2012	3,742,889,490	39,308,800	3,782,198,290	4,326,753,800	87.4
2011	3,808,943,800	42,758,110	3,851,701,910	4,326,753,800	89.0

(1) Source: Board of Assessors.

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

Classification of Property

Type	Fiscal 2015		Fiscal 2014		Fiscal 2013	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 3,763,130,865	95.5 %	\$ 3,654,706,380	95.5 %	\$ 3,608,700,390	95.5 %
Commercial	125,426,835	3.2	125,105,420	3.3	126,075,000	3.3
Industrial	12,415,000	0.3	9,112,700	0.2	5,181,100	0.1
Personal	41,124,550	1.0	37,686,890	1.0	40,087,220	1.1
Total	<u>\$ 3,942,097,250</u>	<u>100.0 %</u>	<u>\$ 3,826,611,390</u>	<u>100.0 %</u>	<u>\$ 3,780,043,710</u>	<u>100.0 %</u>

Source: Massachusetts Department of Revenue.

Largest Taxpayers

The following is a list of the Town's ten largest taxpayers based upon assessed valuations for preliminary fiscal 2015, all of whom are current in their tax payments:

<u>Name</u>	<u>Type of Business</u>	<u>Total Assessed Valuation for Fiscal 2015</u>	<u>Fiscal 2015 Tax Levy</u>	<u>% of Total Net Levy</u>
Bay State Gas Company	Utility	\$ 11,625,280	\$ 152,291	0.29 %
Massachusetts Electric Company	Utility	11,012,140	144,259	0.28
Abbott P M/Chamberlain Mng Co.	Real Estate	7,989,150	104,657	0.20
Kent Village Associates	Housing	5,726,100	75,011	0.15
Verizon New England Inc.	Utility	5,581,400	73,116	0.14
Scituate Solar LLC	Real Estate	5,449,600	71,389	0.14
Hatherly Country Club	Country Club	4,261,570	55,826	0.11
Individual	Residential	4,236,300	55,495	0.11
HCRI Massachusetts Pro. Inc. Tr.	Nursing	4,194,200	54,944	0.11
Suburban Realty Trust	Real Estate	3,830,200	50,175	0.10
Total		<u>\$ 63,905,940</u>	<u>\$ 837,163</u>	<u>1.62 %</u>

Abatements and Overlay

The Town is authorized to increase each tax levy by an amount approved by the Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the Town.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue, but uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserve for the current and last five fiscal years and abatements or exemptions granted during the fiscal year against each levy:

<u>Fiscal Year</u>	<u>Gross Tax Levy</u>	<u>Overlay Allowance</u>		<u>Exemptions/ Abatements Granted thru Fiscal Year</u>	<u>Overlay Excess (Deficit)</u>
		<u>Dollar Amount</u>	<u>Percent of Levy</u>		
2015	\$51,671,474	\$275,000	0.5%	\$112,627 (1)	\$107,373 (1)
2014	49,937,279	220,000	0.4	114,403	136,403
2013	48,082,156	219,170	0.5	144,913	74,257
2012	46,672,324	250,000	0.6	249,523	476
2011	43,334,646	250,000	0.6	115,758	134,242

Source: Board of Assessors.

(1) As of January 23, 2015.

Tax Collections

The Town of Scituate has accepted a statute providing for quarterly tax payments. Under the statute, preliminary tax payments are due on August 1 and November 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum. The following table sets forth the trend in the Town's tax collections:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy (1)	% of Net Collected at June 30 (2,3)
2014	\$49,937,279	\$220,000	\$49,717,279	98.0%
2013	48,082,156	219,170	47,862,986	97.6
2012	46,672,324	250,000	46,422,324	96.9
2011	43,334,646	250,000	43,084,646	98.4
2010	42,053,907	250,000	41,803,907	97.5

Source: Board of Assessors as to rates and levies; Town Accountant as to collections.

- (1) Net after deduction of overlay for abatements.
- (2) I.e., at the end of the fiscal year for which levied.
- (3) Actual collections less refunds, but excluding proceeds of tax titles and possessions attributable to that year's levy. Non-cash credits which may be abated later are not included in the amount allowed for refunds here.

Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court. Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

Taxes Outstanding

The following table presents the trend in aggregate taxes outstanding, tax titles and tax possessions:

As of 6/30	Aggregate Overdue Property Taxes at FY-End (1)	Tax Titles	Tax Possessions
2014	\$614,175	\$1,199,628	\$388,914
2013	675,649	1,297,349	243,113
2012	608,096	1,034,052	232,219
2011	686,600	986,591	448,462
2010	736,429	1,036,811	162,378

Source: Town Accountant.

- (1) For five prior fiscal years. Excludes abated taxes and tax deferrals. Includes taxes in litigation, if any.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale, either individually or in bulk. The Town does not expect to utilize this option at the present time.

Taxation to Meet Deficits

As noted elsewhere (see “Abatements and Overlay” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or

notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" under "TOWN FINANCES" below).

Unused Levy Capacity (1)

The following table sets forth the Town's tax levy limits and unused levy capacity for the following fiscal years:

	For Fiscal Year				
	2015	2014	2013	2012	2011
Primary Levy Ceiling (2)	\$ 98,552,431	\$ 95,665,285	\$ 94,501,093	\$ 94,554,957	\$ 96,292,548
Prior Fiscal Year Levy Limit	48,365,077	46,677,025	45,150,901	41,613,580	40,315,308
2.5% Levy Growth	1,209,127	1,166,926	1,128,773	1,040,340	1,007,883
Current Fiscal Year New Growth (3)	563,697	521,126	397,351	296,981	290,389
Current Fiscal Year Override	-	-	-	2,200,000	-
Growth Levy Limit	50,137,901	48,365,077	46,677,025	45,150,901	41,613,580
Current Fiscal Year Debt Exclusion	1,534,203	1,578,047	1,543,979	1,540,358	1,748,238
Tax Levy Limit	51,672,104	49,943,124	48,221,004	46,691,259	43,361,818
Tax Levy	51,641,474	49,937,279	48,082,156	46,672,327	43,331,646
Unused Levy Capacity (4)	30,630	5,845	138,848	18,932	30,172
Unused Primary Levy Capacity (5)	\$ 48,414,530	\$ 47,300,208	\$ 47,824,068	\$ 49,404,056	\$ 54,678,968

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Ceiling less Growth Levy Limit.

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town accepted the provisions of the Community Preservation Act and approved a surcharge of 3% in March of 2002, and has used the funds strategically to enhance the quality and character of the community. It has also created an Affordable Housing Trust to provide a variety in housing stock. The table below shows the amounts surcharged by the Town, amounts received in state matching funds and CPA fund balance.

Fiscal Year	Surcharge	State Matching Funds	CPA Fund Balance
2015	\$ 1,224,067	\$ 407,734	N/A
2014	1,176,227	648,377	\$ 6,670,373
2013	1,128,807	321,446	7,000,063
2012	1,059,948	299,740	6,141,277
2011	1,021,115	299,907	5,008,803
2010	1,000,167	376,762	5,428,510

TOWN FINANCES

The Budget and Appropriation Process

The annual budget, and appropriation process is governed by the Town Charter, and General Bylaws. The Charter requires the Town Administrator to submit, and recommend a balanced operation, and capital budget plan. These budgets are submitted in accordance with established financial policies based on detailed revenue, and expenditure forecasting established by the Town Administrator, the Financial Team, and the Financial Forecasting Committee.

In 2010, the budget process was overhauled with the establishment of policies and reserves.

The annual appropriations of the Town are ordinarily made at the annual meeting which usually takes place in April. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory, or finance committee. The committee provides recommendations on proposed expenditures recommended by the Town Administrator, and the Board of Selectmen at the Annual Town meeting.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings, but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation, any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. The Town has no municipal gas or electric departments.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlay, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION" above.)

Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets:

	Proposed Fiscal 2016	Appropriated Fiscal 2015	Appropriated Fiscal 2014	Appropriated Fiscal 2013	Appropriated Fiscal 2012
General Government	\$ 3,281,444	\$ 3,163,025	\$ 2,920,731	\$ 2,824,180	\$ 2,492,699
Public Safety	8,779,102	8,384,084	8,027,982	7,806,517	7,591,895
Public Works	3,906,940	3,798,519	3,659,941	3,588,449	3,496,970
Human Services	666,995	680,552	624,975	546,901	487,967
Education	34,510,531	33,276,333	31,887,479	30,654,667	29,750,930
Culture & Recreation	1,140,483	1,105,033	1,111,952	1,102,105	1,086,199
Debt	8,611,059	2,365,652	2,362,632	2,047,600	2,055,490
Employee Benefits	10,560,238	9,912,257	9,515,307	9,901,681	9,743,403
Total	<u>\$ 71,456,792</u>	<u>\$ 62,685,455</u>	<u>\$ 60,110,999</u>	<u>\$ 58,472,100</u>	<u>\$ 56,705,553</u>

Source: Town Accountant.

Fiscal Year 2016 Budget

The fiscal 2016 budget is proposed without the use of free cash. The fiscal 2016 capital plan includes recommendations of \$2,914,549 all funded from available funds other than \$825,000 recommended in self-supporting borrowing for enterprise fund projects. The Town's certified free cash as of June 30, 2014 was \$2,701,923. After funding items at the fall 2014 special town meeting and the proposed pay as you go capital plan, the estimated balance at the end of the fiscal year is \$251,206.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its passage, the Town has complied with the Act and appropriations for education have equaled or exceeded the minimum required level.

Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION - Tax Limitations," above.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Following are state aid payments received by the Town for the following fiscal years:

<u>Fiscal Year</u>	<u>Aid to Education</u>	<u>Other</u>	<u>Total State Aid</u>
2014	\$5,034,826	\$1,901,811	\$6,936,637
2013	4,957,576	1,712,220	6,669,796
2012	4,854,210	1,780,728	6,634,938
2011	4,806,334	1,842,293	6,648,627
2010	5,104,541	1,957,167	7,032,301

Source: Town Accountant.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement. The Town was approved for a \$2.33 million school renovation project under this program which is now completed.

On December 3, 2014, the Town approved a \$75,000,000 high school/middle school renovation project in which the Town expects 44.06% reimbursement from the MSBA. The Town's estimated local share of the project is approximately \$54,082,025.

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles. The following table presents a five-year history of motor vehicle excise tax collections of the Town:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2014	\$2,633,755
2013	2,402,057
2012	2,287,903
2011	2,277,636
2010	2,083,548

(1) Net after refunds. Includes receipts from prior years' levies.

Water Rates and Services: The Water Division of the Department of Public Works is responsible for the operation and maintenance of the water treatment plant, six water wells, two booster stations, two water storage tanks, three corrosion control stations, three surface water supplies, 300 acres of watershed, 105 miles of water distribution system, 275 fire hydrants, and 7,500 water meters.

The Water Division employs a staff of twelve appropriately licensed professional individuals who are responsible for the maintenance and operation of nearly 50 million dollars of assets with an annual operating budget of \$2,915,530. A population of more than 18,000 - which increases to approximately 30,000 during the summer months - consumes an average of 1.9 million gallons of water each day.

On July 1, 1999, the Town placed water services, which are provided to nearly 100 percent of the Town, on an enterprise fund basis. The Town has a planned upgrade program in place for water system infrastructure improvements while keeping the fund self-supporting, and has a policy of increasing rates each year. Charges for water usage are billed quarterly. As of June 23, 2014, for residential water consumption, the rates are \$0.97 per 100 cubic feet up to the first 1200 cubic feet, with a minimum charge of \$43.35. Usage between 1,201-3,000 cubic feet is billed at a rate of \$4.22 per 100 cubic feet. All usage in excess of 3,000 cubic feet is billed at a rate of \$6.85 per 100 cubic feet. All commercial usage is billed at a rate of \$4.50 per 100 cubic feet.

Sewer Rates and Services: The Sewer Division of the Department of Public Works is responsible for the operations and maintenance of the Scituate Wastewater Treatment Plant (WWTP) and 24 miles of sewers, which make up the Scituate Sewer Collection System. This serves 33% of the community. The WWTP was operational in November 1967 and was originally designated to treat an average daily flow of 1.6 million gallons per day (mgd). The WWTP was designated as a secondary treatment plant utilizing the extended aeration mode of the activated sludge (microorganisms) process.

The purpose of the WWTP is to remove and treat settleable and floating solids, to reduce suspended solids and dissolve organic material, and to disinfect the final effluent (treated water leaving the WWTP) to reduce the possibility of water-borne diseases.

A septage receiving station, aerobic sludge digesters and a sludge dewatering building were added during an upgrade in 1984. The additions allowed further treatment of the sludge (settled solids), which is dewatered by a belt filter press and disposed of by a contractor at a nearby landfill.

A second upgrade was completed in 2000 increasing the design of the WWTP from 1.0 mgd to 1.6 mgd along with upgrading the secondary treatment to an advanced treatment capable of nitrogen removal (nitrification/denitrification). The use of ultraviolet light (UV) has replaced chlorination (residual chlorine can be toxic to aquatic life) as the means of disinfecting the final effluent.

The sewer rate is a minimum charge of \$58.50 per quarter plus \$4.70 per hundred cubic feet of water consumption in excess of 12.5 hundred cubic feet per quarter. The Town has a comprehensive plan for sewer expansion funded by users, and sewer rates have been increased to fund upgrade expansions.

Transfer Station: The Transfer Station Division of the Department of Public Works is responsible for the operation and maintenance of the Transfer Station and Recycling Center. The Transfer Station is operated as a Pay-As-You-Throw facility and will accept only household refuse contained in Pay-As-You-Throw trash bags. These trash bags can be purchased at the Transfer Station or at local retailers at a cost of \$20.00 for a package of ten 30 gallon bags or \$10.00 for a package of ten 15 gallon bags. The Town has a current recycling rate of 50%.

Local Option Meals Tax: Effective July 1, 2013, the Town adopted the local meals excise tax. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The future revenue from this tax is approximately \$218,000.

Annual Audits

The Town of Scituate is audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2014 audit is attached hereto as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages is a Governmental Funds Balance Sheets for fiscal years ending June 30, 2014, June 30, 2013 and June 30, 2012, and a Statement of Revenues, Expenditures and changes in Fund Balance for fiscal years ended June 30, 2014 through June 30, 2010. Said statements were extracted from the Town's audited financials.

**TOWN OF SCITUATE, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014 (1)**

	General Fund	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 12,264,536	\$ 6,758,305	\$ 989,293	\$ 8,217,681	\$ 28,229,815
Receivables, net of allowance for uncollectibles					
Real estate and personal property taxes	863,785	11,898	-	-	875,683
Tax liens	1,057,412	24,616	-	38	1,082,066
Motor vehicle and other excise taxes	190,370	-	-	-	190,370
Departmental and other	161,909	-	-	7,719	169,628
Special assessments	244,269	-	-	9,852	254,121
Intergovernmental	-	407,000	-	1,118,835	1,525,835
Tax foreclosures	388,914	-	-	-	388,914
Due from other funds	-	-	-	259,420	259,420
Total assets	<u>\$ 15,171,195</u>	<u>\$ 7,201,819</u>	<u>\$ 989,293</u>	<u>\$ 9,613,545</u>	<u>\$ 32,975,852</u>
LIABILITIES					
Warrants payable	1,426,608	87,931	-	241,819	1,756,358
Accrued liabilities	514,728	-	-	-	514,728
Tax refunds payable	25,500	-	-	-	25,500
Abandoned property	39,240	-	-	-	39,240
Other liabilities	-	-	-	4,765	4,765
Due to other funds	-	-	-	259,420	259,420
Notes payable	-	-	-	1,325,000	1,325,000
Total liabilities	<u>2,006,076</u>	<u>87,931</u>	<u>-</u>	<u>1,831,004</u>	<u>3,925,011</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>2,705,233</u>	<u>36,514</u>	<u>-</u>	<u>630,514</u>	<u>3,372,261</u>
FUND BALANCES					
Nonspendable	-	-	-	27,051	27,051
Restricted	530,298	7,077,374	989,293	7,269,510	15,866,475
Committed	1,936,899	-	-	-	1,936,899
Assigned	1,025,883	-	-	-	1,025,883
Unassigned	6,966,806	-	-	(144,534)	6,822,272
Total fund balances	<u>10,459,886</u>	<u>7,077,374</u>	<u>989,293</u>	<u>7,152,027</u>	<u>25,678,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,171,195</u>	<u>\$ 7,201,819</u>	<u>\$ 989,293</u>	<u>\$ 9,613,545</u>	<u>\$ 32,975,852</u>

(1) Extracted from the audited financial statements of the Town.

TOWN OF SCITUATE, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013 (1)

	General Fund	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 11,312,863	\$ 7,010,690	\$ 992,737	\$ 9,615,842	\$ 28,932,132
Receivables, net of allowance for uncollectibles					
Real estate and personal property taxes	921,057	12,712	-	-	933,769
Tax liens	1,190,189	21,379	-	-	1,211,568
Motor vehicle and other excise taxes	231,595	-	-	-	231,595
Departmental and other	200,919	-	-	-	200,919
Special assessments	65,245	-	-	11,702	76,947
Intergovernmental	-	293,000	-	334,040	627,040
Tax foreclosures	243,113	-	-	-	243,113
Total assets	<u>\$ 14,164,981</u>	<u>\$ 7,337,781</u>	<u>\$ 992,737</u>	<u>\$ 9,961,584</u>	<u>\$ 32,457,083</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants payable	911,550	10,625	-	761,490	1,683,665
Accrued liabilities	1,102,214	-	-	-	1,102,214
Tax refunds payable	31,000	-	-	-	31,000
Abandoned property	50,243	-	-	-	50,243
Deferred revenues	2,528,117	34,092	-	345,741	2,907,950
Unearned revenue	174,446	-	-	-	174,446
Notes payable	-	-	-	225,000	225,000
Total liabilities	<u>4,797,570</u>	<u>44,717</u>	<u>-</u>	<u>1,332,231</u>	<u>6,174,518</u>
FUND BALANCES					
Nonspendable	-	-	-	27,051	27,051
Restricted	84,518	7,293,064	992,737	8,779,510	17,149,829
Committed	959,038	-	-	-	959,038
Assigned	1,308,703	-	-	-	1,308,703
Unassigned	7,015,152	-	-	(177,208)	6,837,944
Total fund balances	<u>9,367,411</u>	<u>7,293,064</u>	<u>992,737</u>	<u>8,629,353</u>	<u>26,282,565</u>
Total liabilities and fund balances	<u>\$ 14,164,981</u>	<u>\$ 7,337,781</u>	<u>\$ 992,737</u>	<u>\$ 9,961,584</u>	<u>\$ 32,457,083</u>

(1) Extracted from the audited financial statements of the Town.

**TOWN OF SCITUATE, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012 (1)**

	General Fund	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 10,622,646	\$ 6,229,477	\$ 820,292	\$ 6,710,447	\$ 24,382,862
Receivables, net of allowance for uncollectibles					
Real estate and personal property taxes	850,089	12,422	-	-	862,511
Tax liens	939,049	17,168	-	-	956,217
Motor vehicle and other excise taxes	171,694	-	-	-	171,694
Departmental and other	249,063	-	-	118,637	367,700
Special assessments	25,027	-	-	13,552	38,579
Intergovernmental	-	233,000	-	490,745	723,745
Tax foreclosures	232,219	-	-	-	232,219
Total assets	\$ 13,089,787	\$ 6,492,067	\$ 820,292	\$ 7,333,381	\$ 27,735,527
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants payable	1,588,376	86,608	-	333,632	2,008,616
Accrued liabilities	554,888	-	-	-	554,888
Tax refunds payable	15,000	-	-	-	15,000
Abandoned property	42,409	-	-	-	42,409
Deferred revenues	2,355,735	29,590	-	311,835	2,697,160
Notes payable	-	-	-	461	461
Total liabilities	4,556,408	116,198	-	645,928	5,318,534
FUND BALANCES					
Nonspendable	-	-	-	27,051	27,051
Restricted	86,767	6,375,869	820,292	7,512,074	14,795,002
Committed	327,128	-	-	-	327,128
Assigned	1,255,617	-	-	-	1,255,617
Unassigned	6,863,867	-	-	(851,672)	6,012,195
Total fund balances	8,533,379	6,375,869	820,292	6,687,453	22,416,993
Total liabilities and fund balances	\$ 13,089,787	\$ 6,492,067	\$ 820,292	\$ 7,333,381	\$ 27,735,527

(1) Extracted from the audited financial statements of the Town.

**TOWN OF SCITUATE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2014 (1)**

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds	\$ 49,925,979	\$ -	\$ -	\$ -	\$ 49,925,979
Motor vehicle and other excise taxes	2,837,763	-	-	-	2,837,763
Penalties and interest	397,984	5,079	-	-	403,063
Fees	417,458	-	-	1,950	419,408
Licenses and permits	558,224	-	-	254,190	812,414
Fines and forfeitures	99,660	-	-	-	99,660
Intergovernmental	14,522,254	762,377	-	4,395,727	19,680,358
Departmental and other	1,053,788	-	-	3,597,086	4,650,874
Community preservation surtax	-	1,166,312	-	-	1,166,312
Contributions	-	-	-	170,014	170,014
Investment income	66,150	22,401	1,893	20,539	110,983
Total Revenues	\$ 69,879,260	\$ 1,956,169	\$ 1,893	\$ 8,439,506	\$ 80,276,828
EXPENDITURES:					
Current:					
General government	2,536,111	-	5,337	731,223	3,272,671
Public safety	8,072,031	-	-	110,597	8,182,628
Education	32,409,817	-	-	5,347,671	37,757,488
Public works	3,962,912	-	-	3,789,836	7,752,748
Human services	552,562	-	-	160,415	712,977
Culture and recreation	1,060,349	-	-	473,538	1,533,887
Community preservation	-	2,171,859	-	-	2,171,859
Pension benefits	11,179,729	-	-	-	11,179,729
Employee benefits	5,671,426	-	-	-	5,671,426
State and county charges	476,139	-	-	-	476,139
Debt service:					
Principal	1,767,879	-	-	-	1,767,879
Intrest	584,080	-	-	-	584,080
Total Expenditures	68,273,035	2,171,859	5,337	10,613,280	81,063,511
Excess (Deficiency) of Revenues Over Expenditures	1,606,225	(215,690)	(3,444)	(2,173,774)	(786,683)
Other Financing Sources (Uses):					
Capital lease financing	-	-	-	239,937	239,937
Transfer in	1,034,655	-	-	779,897	1,814,552
Transfer out	(1,548,405)	-	-	(323,386)	(1,871,791)
Total Expenditures and Other Financing Uses	(513,750)	-	-	696,448	182,698
Net Change in Fund Balances	1,092,475	(215,690)	(3,444)	(1,477,326)	(603,985)
Fund Balances - Beginning of Year	9,367,411	7,293,064	992,737	8,629,353	26,282,565
Fund Balances - End of Year	\$ 10,459,886	\$ 7,077,374	\$ 989,293	\$ 7,152,027	\$ 25,678,580

(1) Extracted from Town's audited Financial Statements.

**TOWN OF SCITUATE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2013 (1)**

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds	\$ 47,666,579	\$ -	\$ -	\$ -	\$ 47,666,579
Motor vehicle and other excise taxes	2,449,218	-	-	-	2,449,218
Penalties and interest	348,212	3,753	-	-	351,965
Fees	1,338,592	-	-	-	1,338,592
Licenses and permits	637,653	-	-	242,790	880,443
Fines and forfeitures	95,779	-	-	-	95,779
Intergovernmental	14,221,002	381,581	-	3,083,102	17,685,685
Departmental and other	267,798	-	188,293	3,286,390	3,742,481
Community preservation surtax	-	1,108,110	-	-	1,108,110
Contributions	-	-	-	197,296	197,296
Investment income	38,353	20,969	1,792	15,402	76,516
Total Revenues	\$ 67,063,186	\$ 1,514,413	\$ 190,085	\$ 6,824,980	\$ 75,592,664
EXPENDITURES:					
Current:					
General government	2,402,369	-	17,640	351,666	2,771,675
Public safety	8,020,373	-	-	384,218	8,404,591
Education	31,186,793	-	-	5,174,870	36,361,663
Public works	4,157,928	-	-	1,574,861	5,732,789
Human services	530,629	-	-	87,804	618,433
Culture and recreation	1,081,660	-	-	412,996	1,494,656
Community preservation	-	597,218	-	-	597,218
Pension benefits	10,963,813	-	-	-	10,963,813
Employee benefits	5,730,351	-	-	65,016	5,795,367
State and county charges	445,762	-	-	-	445,762
Debt service:					
Principal	1,413,858	-	-	-	1,413,858
Intrest	488,798	-	-	-	488,798
Total Expenditures	66,422,334	597,218	17,640	8,051,431	75,088,623
Excess (Deficiency) of Revenues Over Expenditures	640,852	917,195	172,445	(1,226,451)	504,041
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	-	-	3,403,000	3,403,000
Transfer in	940,174	-	-	-	940,174
Transfer out	(746,994)	-	-	(234,649)	(981,643)
Total Expenditures and Other Financing Uses	193,180	-	-	3,168,351	3,361,531
Net Change in Fund Balances	834,032	917,195	172,445	1,941,900	3,865,572
Fund Balances - Beginning of Year	8,533,379	6,375,869	820,292	6,687,453	22,416,993
Fund Balances - End of Year	\$ 9,367,411	\$ 7,293,064	\$ 992,737	\$ 8,629,353	\$ 26,282,565

(1) Extracted from Town's audited Financial Statements.

**TOWN OF SCITUATE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012 (1)**

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds	\$ 46,526,693	\$ -	\$ -	\$ -	\$46,526,693
Motor vehicle and other excise taxes	2,329,038	-	-	-	2,329,038
Penalties and interest	493,563	4,993	-	-	498,556
Fees	204,034	-	-	-	204,034
Licenses and permits	424,545	-	-	290,630	715,175
Fines and forfeitures	80,716	-	-	-	80,716
Intergovernmental	13,658,197	729,140	-	5,766,210	20,153,547
Departmental and other	1,259,250	-	-	2,989,047	4,248,297
Community preservation surtax	-	1,084,819	-	-	1,084,819
Contributions	-	-	-	122,159	122,159
Investment income	57,000	17,687	2,280	14,995	91,962
Total Revenues	\$ 65,033,036	\$ 1,836,639	\$ 2,280	\$ 9,183,041	\$76,054,996
EXPENDITURES:					
Current:					
General government	2,517,181	-	10,543	800,203	3,327,927
Public safety	7,800,288	-	-	508,775	8,309,063
Education	29,996,649	-	-	7,053,663	37,050,312
Public works	2,766,372	-	-	1,245,724	4,012,096
Human services	455,356	-	-	98,833	554,189
Culture and recreation	1,021,747	-	-	403,821	1,425,568
Community preservation	-	769,314	-	-	769,314
Pension benefits	10,171,678	-	-	-	10,171,678
Employee benefits	5,876,878	-	-	-	5,876,878
State and county charges	472,015	-	-	-	472,015
Debt service:					
Principal	1,474,328	-	-	-	1,474,328
Interest	579,727	-	-	-	579,727
Total Expenditures	63,132,219	769,314	10,543	10,111,019	74,023,095
Excess (Deficiency) of Revenues Over Expenditures	1,900,817	1,067,325	(8,263)	(927,978)	2,031,901
Other Financing Sources (Uses):					
Proceeds from bonds and notes	-	-	-	1,859,021	1,859,021
Premium from issuance of bonds and notes	18,480	-	-	-	18,480
Transfer in	826,723	-	-	106,047	932,770
Transfer out	(836,995)	-	-	(165,006)	(1,002,001)
Total Expenditures and Other Financing Uses	8,208	-	-	1,800,062	1,808,270
Net Change in Fund Balances	1,909,025	1,067,325	(8,263)	872,084	3,840,171
Fund Balances - Beginning of Year	6,624,354	5,308,544	828,555	5,815,369	18,576,822
Fund Balances - End of Year	\$ 8,533,379	\$6,375,869	\$ 820,292	\$ 6,687,453	\$22,416,993

(1) Extracted from Town's audited Financial Statements.

**TOWN OF SCITUATE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011 (1)**

	General	Mitigation	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds	\$ 43,516,682	\$ -	\$ -	\$ -	\$ -	\$43,516,682
Motor vehicle and other excise taxes	2,283,729	-	-	-	-	2,283,729
Penalties and interest	417,449	-	3,161	-	-	420,610
Fees	197,399	-	-	-	-	197,399
Licenses and permits	462,641	-	-	-	244,859	707,500
Fines and forfeitures	103,033	-	-	-	-	103,033
Intergovernmental	13,424,095	-	299,907	-	4,100,473	17,824,475
Departmental	1,166,732	-	-	-	2,687,097	3,853,829
Community preservation surtax	-	-	1,002,872	-	-	1,002,872
Contributions	-	-	-	-	145,106	145,106
Investment income	65,275	-	21,500	2,637	34,576	123,988
Total Revenues	\$ 61,637,035	\$ -	\$1,327,440	\$ 2,637	\$ 7,212,111	\$70,179,223
EXPENDITURES:						
Current:						
General government	2,183,454	-	-	25,531	1,220,791	3,429,776
Public safety	7,161,440	-	-	-	127,205	7,288,645
Education	27,997,022	-	-	-	4,853,431	32,850,453
Public works	3,085,705	-	-	-	1,093,824	4,179,529
Human services	410,181	-	-	-	80,371	490,552
Culture and recreation	1,030,778	-	-	-	509,059	1,539,837
Community preservation	-	-	1,670,961	-	-	1,670,961
Pension benefits	9,953,489	-	-	-	-	9,953,489
Employee benefits	5,653,254	-	-	-	-	5,653,254
State and county charges	520,678	-	-	-	-	520,678
Debt service:						
Principal	1,463,858	-	-	-	-	1,463,858
Interest	771,919	-	-	-	-	771,919
Total Expenditures	60,231,778	-	1,670,961	25,531	7,884,681	69,812,951
Excess (Deficiency) of Revenues Over Expenditures	1,405,257	-	(343,521)	(22,894)	(672,570)	366,272
Other Financing Sources (Uses):						
Proceeds from bonds and notes	-	-	-	-	3,245,470	3,245,470
Premium from issuance of bonds and notes	148,644	-	-	-	-	148,644
Transfer in	751,667	-	-	-	940,000	1,691,667
Transfer out	(751,332)	(956,953)	-	-	(88,541)	(1,796,826)
Total Expenditures and Other Financing Uses	148,979	(956,953)	-	-	4,096,929	3,288,955
Net Change in Fund Balances	1,554,236	(956,953)	(343,521)	(22,894)	3,424,359	3,655,227
Fund Balances - Beginning of Year	5,070,118	956,953	5,652,065	851,449	2,391,010	14,921,595
Fund Balances - End of Year	\$ 6,624,354	\$ -	\$5,308,544	\$ 828,555	\$ 5,815,369	\$18,576,822

(1) Extracted from Town's Audited Financial Statements.

**TOWN OF SCITUATE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010 (1)**

	General	Stabilization	Mitigation	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net	\$ 42,007,719	\$ -	\$ -	\$ 994,875	\$ -	\$ -	\$43,002,594
Motor vehicle and other excises	2,125,130	-	-	-	-	-	2,125,130
Penalties and interest on taxes	367,174	-	-	-	-	-	367,174
Intergovernmental	14,565,629	-	-	376,762	-	4,532,744	19,475,135
Departmental and other	1,887,562	-	-	-	-	2,762,803	4,650,365
Contributions and donations	-	-	-	-	-	434,265	434,265
Investment income	122,506	15,813	11,502	31,688	5,163	2,202	188,874
Miscellaneous	-	-	-	-	-	131,502	131,502
Total Revenues	\$ 61,075,720	\$ 15,813	\$ 11,502	\$1,403,325	\$ 5,163	\$ 7,863,516	\$70,375,039
OTHER FINANCING SOURCES							
Transfers in	2,400,709	9,415	-	-	700,000	5,500	3,115,624
Total Other Financing Sources	2,400,709	9,415	-	-	700,000	5,500	3,115,624
Total Revenues and Other Financing Sources	63,476,429	25,228	11,502	1,403,325	705,163	7,869,016	73,490,663
EXPENDITURES:							
General Government	4,067,542	-	-	-	-	657,851	4,725,393
Public Safety	7,154,119	-	-	-	-	115,173	7,269,292
Education	27,516,210	-	-	-	-	4,449,038	31,965,248
Public Works	2,980,636	-	-	-	-	2,506,985	5,487,621
Culture & Recreation	1,126,507	-	-	-	553,731	546,441	2,226,679
Health and Human Services	382,153	-	-	-	-	110,072	492,225
State & County Tax Assessments	547,726	-	-	-	-	-	547,726
Pensions and Other Fringes	14,687,400	-	-	-	-	-	14,687,400
Community Preservation	-	-	-	1,386,130	-	-	1,386,130
Debt Service	2,181,743	-	-	-	-	-	2,181,743
Total Expenditures	60,644,036	-	-	1,386,130	553,731	8,385,560	70,969,457
OTHER FINANCING SOURCES (USES):							
Transfers out	762,197	-	1,875,000	700,000	-	27,873	3,365,070
Total Expenditures and Other Financing Uses	61,406,233	-	1,875,000	2,086,130	553,731	8,413,433	74,334,527
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses							
	2,070,196	25,228	(1,863,498)	(682,805)	151,432	(544,417)	(843,864)
Fund Balances - Beginning of Year	1,606,843	2,176,804	2,820,451	6,035,130	700,017	2,126,474	15,465,719
Fund Balances - End of Year	\$ 3,677,039	\$2,202,032	\$ 956,953	\$5,352,325	\$ 851,449	\$ 1,582,057	\$14,621,855

(1) Extracted from Town's Audited Financial Statements.

Unassigned/Undesignated General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the state Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years.

The following table presents the history of the Town's unassigned/undesignated general fund balances and free cash:

<u>Year</u>	<u>Undesignated/Unassigned General Fund Balance As of June 30 (1)</u>	<u>Certified Free Cash for Fiscal Year Beginning July 1</u>
2014	\$6,966,806 (2)	\$2,701,293
2013	7,015,152 (2)	2,813,553
2012	6,863,867 (2)	2,123,316
2011	5,276,801 (2)	1,528,192
2010	1,715,555	976,826

(1) Source: Audited Financial Statements.

(2) Unassigned Fund Balance.

Stabilization Fund

The Town maintains a stabilization fund, which is accounted for in the Trust Funds. The Stabilization Fund plus interest income may be appropriated by the Town Meeting for any municipal purpose. The following table sets forth the trend in the Town's Stabilization Fund for the following fiscal years:

<u>Year</u>	<u>Stabilization Fund as of June 30,</u>
2015 (projected)	\$ 2,229,000
2014	3,179,056
2013	2,059,297
2012	3,009,312
2011	2,084,463

The Town will transfer any excess levy capacity to the fund in fiscal 2016 as voted at the April 2015 annual town meeting.

Capital Stabilization Fund

The Town established a capital stabilization fund at the November 2012 special town meeting. The balance at June 30, 2014 was \$329,402. The projected balance of the Capital Stabilization Fund is \$921,205 as of June 30, 2015. The April 2015 annual town meeting voted to transfer an additional \$163,776 into the fund in fiscal 2016.

Economic Development Stabilization Fund

The Town established an economic development stabilization fund at the April 2013 town meeting with a balance of \$0 at June 30, 2014. The projected balance of the Economic Development Stabilization Fund is \$13,540 as of June 30, 2015. Funds were appropriated at the 2015 annual town meeting to transfer an additional \$10,000 into the fund in fiscal 2016.

Additional Funds

At the April 2015 special town meeting the Town created two additional stabilization funds. The Sewer Enterprise Capital Stabilization Fund with an initial balance of \$350,000 and a Water Enterprise Capital Stabilization Fund. The Water Enterprise fund will be funded in fiscal 2016.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or towns' development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see "Tax Limitations under "PROPERTY TAXATION" above). The Town is in the process of determining whether or not to develop such districts in the immediate future, and has re-established its Economic Development Industrial Commission (EDIC). The Town has not established any such development districts.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, or in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

INDEBTEDNESS

Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen.

Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the Municipal Finance Oversight Board, consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAXATION" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not

less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds has been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years, but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth's Clean Water Trust Program and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

Revenue Anticipation Note Borrowing

The Town has not borrowed for operating purposes during the last five fiscal years.

Direct Debt Summary
Projected as of June 30, 2015 (1)
Excluding Refunding Bonds

Long-Term Indebtedness		
General Obligation Bonds:		
Water (2)	\$ 4,140,000	
School	9,405,000	
General (3)	8,520,000	
Sewers & Drains (4)	3,400,000	
MCWT (5)	<u>15,733,923</u>	
Total (6)		\$ 41,198,923
New Money Bonds dated June 29, 2015		86,863,000
Short-Term Debt		
Bond Anticipation Notes Outstanding (7)	9,043,000	
Less:		
To Be Retired with Bond Proceeds	<u>(9,043,000)</u>	
Total Short Term Debt		<u>-</u>
Total Direct Debt		<u><u>\$ 128,061,923</u></u>

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) Outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$1,105,000 is outside the Town's general debt limit.
- (4) \$240,000 is outside the Town's general debt limit.
- (5) \$5,205,287 is outside the Town's general debt limit.
- (6) \$7,547,770 is exempt from the provisions of Proposition 2 ½.
- (7) Payable June 30, 2015.

Debt Ratios

	As of June 30,					
	<u>2015 (4)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Long Term Debt Outstanding (1)	\$41,198,923	\$45,932,919	\$50,875,921	\$42,612,765	\$46,445,430	\$40,378,638
Debt per Capita	\$2,128.04	\$2,372.57	\$2,627.89	\$2,201.07	\$2,399.04	\$2,085.67
Percent of Assessed Valuation (2)	1.05%	1.20%	1.35%	1.11%	1.21%	1.01%
Percent of Equalized Valuation (3)	1.00%	1.11%	1.23%	0.98%	1.07%	0.88%
Debt per Capita as a Percent of per Capita Income	6.27%	6.99%	7.74%	6.49%	7.07%	6.15%

- (1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
- (2) Source: Massachusetts Department of Revenue - Assessed valuation as of the prior January 1.
- (3) Source: Massachusetts Department of Revenue - Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).
- (4) Projected.

**Outstanding Bonded Debt (1)
Principal Payment by Purpose
Projected as of June 30, 2015**

Fiscal Year	Water (2)	School	General (3)	Sewers & Drains (4)	MCWT (5)	Total (6)
2016	\$ 386,000	\$ 955,000	\$ 1,341,000	\$ 298,000	\$ 1,706,665	\$ 4,686,665
2017	376,000	955,000	1,311,000	298,000	1,757,669	4,697,669
2018	371,000	875,000	776,000	298,000	1,809,488	4,129,488
2019	321,000	870,000	641,000	298,000	1,855,173	3,985,173
2020	306,000	870,000	601,000	293,000	1,084,602	3,154,602
2021	306,000	855,000	581,000	293,000	1,077,853	3,112,853
2022	276,000	855,000	561,000	293,000	965,105	2,950,105
2023	256,000	855,000	561,000	293,000	990,295	2,955,295
2024	241,000	830,000	466,000	283,000	1,011,778	2,831,778
2025	236,000	825,000	256,000	233,000	584,587	2,134,587
2026	180,000	240,000	180,000	85,000	596,847	1,281,847
2027	180,000	80,000	185,000	85,000	306,941	836,941
2028	175,000	80,000	175,000	80,000	313,612	823,612
2029	170,000	80,000	175,000	80,000	320,428	825,428
2030	170,000	80,000	180,000	80,000	327,392	837,392
2031	170,000	70,000	180,000	75,000	334,507	829,507
2032	10,000	15,000	185,000	20,000	341,777	571,777
2033	10,000	15,000	165,000	15,000	349,205	554,205
	<u>\$ 4,140,000</u>	<u>\$ 9,405,000</u>	<u>\$ 8,520,000</u>	<u>\$ 3,400,000</u>	<u>\$ 15,733,923</u>	<u>\$ 41,198,923</u>

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability and other post-employment benefits liability.
- (2) Outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$1,105,000 is outside the Town's general debt limit.
- (4) \$240,000 is outside the Town's general debt limit.
- (5) \$5,205,287 is outside the Town's general debt limit.
- (6) \$7,547,770 is exempt from the provisions of Proposition 2 ½.

**Annual Debt Service
Projected as of June 30, 2015 (1)**

Fiscal Year	Outstanding (2)		This Issue		MCWT Subsidy	Net Debt Service	Cumulative % Principal Retired
	Principal	Interest	Principal	Interest			
2016	\$ 4,686,665	\$ 1,367,954	\$ 3,513,000	\$ 2,625,286	\$ (427,013)	\$ 11,765,892	6.4 %
2017	4,697,669	1,189,649	3,975,000	3,591,450	(403,504)	13,050,264	13.2
2018	4,129,488	1,005,054	3,975,000	3,412,575	(371,170)	12,150,947	19.5
2019	3,985,173	863,325	3,970,000	3,233,800	(343,375)	11,708,923	25.7
2020	3,154,602	730,091	3,915,000	3,056,525	(108,323)	10,747,894	31.2
2021	3,112,853	614,758	3,905,000	2,861,025	(88,231)	10,405,404	36.7
2022	2,950,105	504,419	3,900,000	2,665,900	(40,429)	9,979,995	42.1
2023	2,955,295	404,368	3,885,000	2,471,275	(35,680)	9,680,257	47.4
2024	2,831,778	304,236	3,875,000	2,277,275	(25,112)	9,263,177	52.6
2025	2,134,587	224,345	3,800,000	2,085,400	-	8,244,333	57.3
2026	1,281,847	166,681	3,220,000	1,909,900	-	6,578,428	60.8
2027	836,941	135,339	3,220,000	1,748,900	-	5,941,181	64.0
2028	823,612	113,298	3,220,000	1,604,000	-	5,760,910	67.1
2029	825,428	90,881	3,220,000	1,475,200	-	5,611,509	70.3
2030	837,392	68,321	3,220,000	1,346,400	-	5,472,113	73.4
2031	829,507	45,307	3,215,000	1,217,700	-	5,307,514	76.6
2032	571,777	22,124	3,215,000	1,089,100	-	4,898,001	79.6
2033	554,205	9,591	3,215,000	960,500	-	4,739,296	82.5
2034	-	-	3,215,000	831,900	-	4,046,900	85.0
2035	-	-	3,215,000	703,300	-	3,918,300	87.5
2036	-	-	3,195,000	575,100	-	3,770,100	90.0
2037	-	-	3,195,000	447,300	-	3,642,300	92.5
2038	-	-	3,195,000	319,500	-	3,514,500	95.0
2039	-	-	3,195,000	191,700	-	3,386,700	95.0
2040	-	-	3,195,000	63,900	-	3,258,900	100.0
Total	\$ 41,198,923	\$ 7,859,742	\$ 86,863,000	\$ 42,764,911	\$ (1,842,839)	\$ 176,843,737	

- (1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.
- (2) Principal totaling \$7,547,770 and interest totaling \$1,566,613 is exempt from the provisions of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the Town will have approximately \$52,046,923 of authorized unissued debt, as follows:

Purpose	Amount
Dredging	\$ 195,000
Marine Park Recreational Facility	280,000
Departmental Equipment	60,000
Energy Savings (ESCO)	3,200,000
Facilities Design/Engineering/Service	150,000
Water Pipe Improvement & Replacement	8,000,000
Library Renovations (1)(2)	5,360,808
School Technology	200,000
Foreshore Protection	500,000
Sewer Phase IV	400,000
Oceanside Drive Seawall Replacement	2,000,000
Public Safety Facility (1)	1,155,000
School Renovation (1)(3)	27,721,115
Harbor/River Dredging	200,000
Pump Station Replacement	625,000
Seawall Repairs	2,000,000
Total	<u>\$ 52,046,923</u>

- (1) The Town voted to exempt the debt service associated with this project from the limitations of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.
- (2) The Town expects to receive \$4,985,840 construction grant from the Massachusetts Board of Library Commissioners.
- (3) The Town authorized \$75 million for the High School Middle School project. The Town expects to receive approximately 44.06% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible project costs with a maximum grant of \$20,917,975. The Town's local share is estimated at approximately \$54,082,025. To date, the Town has received \$853,885 from the MSBA.

Overlapping Debt

The following are the principal entities whose indebtedness is chargeable to the Town or payable from taxation of property within the Town:

	Outstanding Bonded Debt as of 6/30/14	Scituate's Estimated Share %	Fiscal 2015 Dollar Assessment (1)
Plymouth County (2)	\$2,750,000	6.76%	\$84,217
Massachusetts Bay Transportation Authority (3)	\$5,353,522,372	0.076%	\$47,407
South Shore Regional Vocational- Technical School District (4)	\$920,000	5.52%	\$463,751

- (1) Dollar assessment is based upon total net operating expenses, inclusive of debt service where applicable.
- (2) Source: Treasurer, Plymouth County. Assessment is for fiscal year 2015. County expenses are assessed upon the cities and towns within the County in proportion to their valuations of taxable property as last equalized by the State Commissioner of Revenue. Assessment shown is based on the most recent equalized valuation.
- (3) Source: Massachusetts Bay Transportation Authority (the "MBTA"). Assessment is for fiscal year 2015. The MBTA was created in 1964 to finance and operate mass transportation facilities within the Greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA is also authorized to issue bonds for the purpose of refunding bonds. Under the MBTA's enabling act, debt service as well as other operating expenses of the MBTA are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the Authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.
- (4) Source: Treasurer, South Shore Regional Vocational-Technical School District. Assessment is for fiscal year 2015. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

Contracts

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town has entered in contract with International Golf Maintenance of Champions Gate, Florida 33896, to maintain its golf course, for the following sums: \$471,912 January 1, 2014 – December 31, 2014 - \$475,311, January 1, 2015 – December 31, 2015, and \$489,677, January 1, 2016 – December 31, 2016. Performance reviews will take place each November 1 to determine satisfaction and subsequent release of annual retainage.

The Town also contracts annually with SEMASS Partnership solid waste disposal at \$90.88 per ton in fiscal 2014, which includes all hauling costs. This contract expires on June 30, 2023. The annual cost incurred were \$303,364 in fiscal 2014. The estimated cost of this contract for fiscal 2015 is \$320,254.

RETIREMENT SYSTEM

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later

updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

Plymouth County Retirement System

The Town participates in the contributory retirement system of Plymouth County (the "Plymouth County") that is partially funded by employee contributions. More information can be found at www.pcr-ma.org, including annual reports, annual statements, actuarial valuation reports and actuarial valuation statements. The Town meets its share of costs primarily on a pay-as-you-go basis by contributing annually the amount determined by the State Division of Insurance. This contribution is a legal obligation of the Town and is required to be included in its annual tax levy. The Town also maintains a noncontributory retirement plan for certain eligible veterans who were employed in public service before July 1, 1939.

As of January 1, 2013, the total unfunded pension benefit obligation of the Plymouth County System was \$652,865,215, assuming a 8.25% discount rate as follows:

Total pension benefit obligation	\$1,319,764,989
Assets at market value	666,899,774
Unfunded pension benefit obligation	<u>\$ 652,865,215</u>
The Town's estimated share at its participation rate of 6.44%	<u>\$ 42,068,071</u>

Effective July 1, 1991, the System elected to fully fund the accrued actuarial liability under Chapter 32, Section 22 of the Massachusetts General Laws. Under provisions of this law, participating employers are assessed their share of the retirement cost based on the entry age normal actuarial cost method.

The System assesses participating employers for their share of pension benefits (less certain interest credits) expected to be paid during the year ("pay-as-you-go" method). This amount is determined in advance by the Public Employee Retirement Administration Commission (PERAC) and is based in part on the previous year's benefit payout.

The Retirement System's current funding schedule amortizes its unfunded pension liability through fiscal 2034 as shown below.

Current Plymouth County Funding Schedule

Fiscal Year	Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio**
2014	\$ 238,655,485	\$ 20,376,194	\$ 11,556,155	\$ 43,410,022	\$ 54,966,177	23.0	50.5
2015	248,201,704	21,371,610	11,827,022	47,536,449	59,363,471	23.9	51.7
2016	258,129,773	22,414,057	12,101,068	52,011,480	64,112,548	24.8	53.4
2017	265,454,963	23,505,705	12,378,115	55,079,233	67,457,348	25.1	55.1
2018	279,193,162	24,648,823	12,657,964	57,245,719	69,903,683	25.0	56.8
2019	290,360,888	25,845,781	12,940,396	59,498,865	72,439,261	24.9	58.6
2020	301,975,324	27,099,058	13,225,169	61,257,161	74,482,330	24.7	60.4
2021	314,054,337	28,411,243	13,512,020	63,401,128	76,913,148	24.5	62.2
2022	326,616,510	29,785,045	13,800,659	65,935,610	79,736,269	24.4	64.1
2023	339,681,171	31,223,293	14,090,769	68,571,472	82,662,241	24.3	66.1
2024	353,268,418	32,728,944	14,382,007	71,312,768	85,694,775	24.3	68.1
2025	367,399,154	34,305,091	14,673,999	74,163,716	88,837,715	24.2	70.3
2026	382,095,121	35,954,963	14,966,339	77,128,702	92,095,041	24.1	72.6
2027	397,378,925	37,681,936	15,258,588	80,212,288	95,470,876	24.0	75.0
2028	413,274,082	39,489,540	15,550,271	83,419,217	98,969,488	23.9	77.5
2029	429,805,046	41,381,461	15,840,874	86,715,357	102,556,231	23.9	80.2
2030	446,997,248	43,361,552	16,129,846	90,183,972	106,313,818	23.8	83.1
2031	464,877,137	45,433,840	16,416,590	93,791,330	110,207,920	23.7	86.1
2032	483,472,223	47,602,532	16,700,465	97,542,984	114,243,449	23.6	89.3
2033	502,811,112	49,872,026	16,980,784	101,444,703	118,425,487	23.6	92.6
2034	522,923,556	52,246,916	17,256,808	105,502,491	122,759,299	23.5	96.2
2035	543,840,499	54,732,001	17,527,744	-	17,527,744	3.2	100.0
2036	565,594,119	57,332,298	17,792,745	-	17,792,745	3.1	100.0
2037	588,217,883	60,053,047	18,050,901	-	18,050,901	3.1	100.0
2038	611,746,599	62,899,725	18,301,241	-	18,301,241	3.0	100.0
2039	636,216,463	65,878,052	18,542,727	-	18,542,727	2.9	100.0
2040	661,665,121	68,994,006	18,774,250	-	18,774,250	2.8	100.0
2041	688,131,726	72,253,831	18,994,626	-	18,994,626	2.8	100.0
2042	715,656,995	75,143,984	19,754,411	-	19,754,411	2.8	100.0
2043	744,283,275	78,149,744	20,544,588	-	20,544,588	2.8	100.0
2044	774,054,606	81,275,734	21,366,371	-	21,366,371	2.8	100.0
2045	805,016,790	84,526,763	22,221,026	-	22,221,026	2.8	100.0

SOURCE: November 19, 2013 Plymouth County Retirement System Actuarial Valuation, PERAC.

The annual contributions of the Town to the Plymouth County System budgeted for fiscal year 2016 and for the last five fiscal years are as follows:

<u>Fiscal Year</u>	<u>Contributory</u>
2016 (Budgeted)	\$4,141,767
2015	3,836,129
2014	3,584,859
2013	3,444,211
2012	3,103,047
2011	3,118,030

The foregoing data do not include the retirement system costs or liabilities of any larger entity of which the Town is constituent part and for which it is assessed a share of expenses.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2014	\$ 2,014,132
2013	1,735,058
2012	1,530,639
2011	1,525,504
2010	1,314,867

The Governmental Accounting Standards Board (“GASB”) promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired USI Consulting Group which performed the actuarial valuation of its post-employment benefit liability. As of June 30, 2013 the Town’s estimated unfunded actuarial accrued liability was approximately \$65,117,566 and the Town’s annual required contribution (‘ARC’) for fiscal 2014 was approximately \$5,568,342 assuming a 4.0% discount rate. At the April 11, 2011 Annual Town Meeting the Town created an OPEB fund with an initial contribution of \$14,983. The Town’s Financial Policies ensure that a minimum 2% of the required Plymouth County Retirement Assessment be added to the OPEB Liability Trust Fund as part of the operating budget annually. At June 30, 2013 the OPEB Trust Fund balance was \$209,227. The OPEB Trust Fund balance at June 30, 2014 was \$296,559. The Town transferred an additional \$76,723 into this fund on July 1, 2014. The projected OPEB Trust Fund Balance as of June 30, 2015 is \$386,349. The April 2015 annual town meeting voted to transfer \$282,835 into the fund in fiscal 2016, which is \$200,000 higher than required under the Town’s current financial policies. The Board of Selectmen adopted an OPEB Trust Fund Agreement on April 7, 2015.

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 776 full and part-time employees, including those in the School Department. Approximately 78 percent belong to unions or other collective bargaining groups as shown below:

Employee by Category	Represented by	Number of Employees	Contract Expires
General Government			
Police	International Brotherhood of Police Officers (IBPO)	27	6/30/2017
Firefighters	International Association of Fire Fighters (IAFF)	50	6/30/2013 (4)
Clerical Workers	SEIU 888 (1)	38	6/30/2017
Public Works	Laborers District Council	38	6/30/2016
Administrators and Managers	SEIU 888 (2)	21	6/30/2017
Total General Government Professionals		174	
School			
Teachers	Scituate Teachers Assoc./Mass. Teachers Assoc.	283	8/31/2015
Custodians	AFSCME Local 1700 (3)	24	6/30/2015
Administration and Managers	SEIU/Local 888	15	6/30/2015
Bus Workers	AFSCME Local 1700 (3)	18	8/31/2015
Aides and Tutors	SEIU/Local 888	76	8/31/2015
Cafeteria Workers	SEIU/Local 888	17	8/31/2015
Total School		433	
Total		607	

- (1) American Federation of Labor-Congress of Industrial Organizations.
- (2) Service Employees International Union.
- (3) American Federation of State, County and Municipal Employees.
- (4) Currently in arbitration.

LITIGATION

In the opinion of Town Counsel, no litigation is pending which is likely to result either individually or in the aggregate, in a final judgment against the Town which materially will affect its financial position.

TOWN OF SCITUATE, MASSACHUSETTS
/s/ Pamela Avitabile
Town Treasurer

June 10, 2015

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TOWN OF SCITUATE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the year ended June 30, 2014

On the cover: The Old Scituate Lighthouse at dawn. Photo by Brian Stewart



Photo by Kevin Cafferty. The Town approved a \$22M water pipe replacement program at the November special town meeting. This project will replace the approximately 21 miles of remaining cast iron water pipes in the Town in three phases to be completed in a 2-3 year period. The first phase commenced in the spring of 2014.

*The Town of
Scituate, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Year Ended
June 30, 2014**

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2014

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Introductory Section



The Lawson Tower was erected in 1902 by Scituate resident Thomas Lawson to mask a 276,000 gallon water tank erected by the town across from his estate, Dreamworld. The tower is 153 feet tall and was placed on the National historic Register in 1976.

Introductory Section

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TOWN OF SCITUATE
600 CHIEF JUSTICE CUSHING HIGHWAY
SCITUATE, MA 02066
Tel: (781) 545-8711, Fax: (781) 545-8704

Letter of Transmittal

December 10, 2014

To the Honorable Board of Selectmen and the Citizens of the Town of Scituate:

State law requires the Town of Scituate to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Scituate, Massachusetts, for the year ending June 30, 2014 for your review.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. As management, we assert that this financial report is complete and reliable in all material respects.

The CAFR is designed to be used by the elected and appointed officials of Scituate in addition to those entities concerned with the Town's management and development including credit rating agencies, bond analysts, investors and financial institutions. The format of the report enables the Town to present complex financial data in a manner that is easier for citizens and taxpayers of the Town of Scituate to review and understand.

The Town of Scituate's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Scituate for the year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Scituate's financial statements for the year ended June 30, 2014 and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Scituate was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal

requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town of Scituate's separately issued Single Audit Report.

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

Profile of Town

The Town of Scituate was incorporated in 1636 and occupies a land area of approximately 31.79 square miles. It is governed by an open town meeting form of government and is located in southeastern Massachusetts in Plymouth County. The Town of Scituate is bordered by the Atlantic Ocean on the east and north, Marshfield on the south, Norwell on the southwest, Hingham on the west and Cohasset on the northwest. Scituate is a coastal town located in east central Plymouth County approximately 23 miles southeast of Boston, 18 miles northeast of Brockton and 227 miles from New York City. State routes 3 and 3A are the principal highways and roads serving the Town. The commuter rail has two stations in Scituate, giving residents ready access into the City of Boston and other adjacent communities.

Local legislative decisions are made by an open town meeting consisting of all of the registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen who appoint a professional Town Administrator and Finance Director to manage day-to-day and financial matters. According to the U.S. Department of Commerce, Bureau of Census conducted in 2000, the Town's population was 19,317.

Local school affairs are administered by a school committee of five persons. Local taxes are assessed by a board of three assessors; all elected for staggered three-year terms on an at large basis.

The Town of Scituate provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water and sewer services, solid waste disposal, a library, streets, golf course, waterways and parks and recreation.

The Town of Scituate's commitment to open space, historical preservation and community housing is evidenced by its acceptance of the Community Preservation Act effective for 2002 at the maximum 3% surcharge. These funds have been authorized by town meeting for the purchase of many acres of open space preserving and protecting aquifers, habitats, woodlands, marshland and meadows. The Town has also dedicated funds for recreational purposes including tennis courts, playgrounds, basketball courts and walking/bike trails. Historic preservation projects include preservation of historical logbooks and journals, preservation of historic sites and the acquisition of historically significant property.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

The Town reestablished its Economic Development Commission in 2012 to examine ways to foster commercial development to strengthen the commercial tax base. This includes a multi-phase study by the Metropolitan Area Planning Council to examine existing commercial areas, perform traffic and parking studies and provide recommendations to encourage further commercial/industrial growth including tourism because of the Town's existing amenities. The Town has an 18-hole public golf course in addition to busy harbor with direct access to the Atlantic Ocean complemented by a picturesque waterfront.

The Town is the first municipality in the Commonwealth to provide 100% of its energy needs through renewable sources including a 1.5 megawatt wind turbine and a 3.0 megawatt solar array.

The Town is also undergoing significant residential housing growth with an expected 500-600 units in various stages of development to be constructed in the next 2-4 years.

The Town continues to manage its financial affairs in a prudent manner. Standard & Poor's confirmed the Town's bond rating to AA+ with a stable outlook which is reflective of management's incorporation of long range planning tools such as a five year rolling capital plan; building of reserve balances including a capital stabilization fund for future capital needs; addressing long term liabilities, such as OPEB, within its financial policies; investing in technology to ensure efficient operations; and maintaining an aggressive debt management strategy for capital improvements and pursuing pay-as-you-go options whenever possible. The Town consistently seeks federal, state and local grant opportunities for operational services as well as capital improvements including the Massachusetts School Building Authority, Massachusetts Board of Library Commissioners and the Commonwealth's Clean Water Trust and Seawall & Dam Repair Fund.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of sewer, water, solid waste, golf course and waterways services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

Major Initiatives

The Board of Selectmen adopted a Master Plan in November of 2011 and created a Public Facilities Master Planning Committee in 2012 to assess the condition of the Town's aging facilities, assess the suitability of the buildings for current needs and provide recommendations for addressing the deficiencies. This was supported by a \$375,000 appropriation at the 2012 Annual Town Meeting to support engineering and feasibility studies. The Town moved forward with addressing these needs in 2014 by approving \$22M to replace approximately 21 miles of cast iron pipes to address brown water issues and frequent water main breaks which have plagued the Town for decades. The water pipe replacement project is fully supported through the water user rates. The first building proposal for a major \$12M renovation to the Town's public library was approved at the November 2013 special town meeting to be offset by a \$5M Massachusetts Board of Library Commissioners Construction grant.

Reserves

Management has adopted financial policies to address key areas of concern including funding the following reserves: Operational Budget Reserve Fund, Stabilization Fund, Capital Stabilization Fund, Economic Development Stabilization Fund, Workers Compensation Reserve and Other Postemployment Liability Trust Fund.

The Other Post Employment Liability Trust was established in 2011 and is funded at 2% of the annual pension assessment pursuant to the Town's financial policies. The Town created a Capital Stabilization Fund in 2012 to complement the Town's five year capital plan to address future capital needs and associated debt burden. In 2013, the Town approved an Economic Development Stabilization Fund to support initiatives to develop and foster commercial growth. Annually, the Town approves the transfer of excess levy capacity to the Stabilization Fund and allocates additional funds to its reserves as available.

Internal Controls

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Town Administrator and the Finance Director/Town Accountant are responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements. Because the cost of internal controls should not outweigh their benefits, the Town of Scituate's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement.

Budgetary Controls

Under the Town Charter, the Town Administrator set budget guidelines, prepares and recommends a budget to the Board of Selectmen and Advisory Committee which is then reviewed, amended and voted. The nine member Advisory Committee holds public hearings to review all departmental budgets and makes recommendations on the budget to town meeting in April.

The level of budgetary control is established by town meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Finance Director/Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Advisory Committee may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

The school budget is limited to the total amount appropriated by town meeting, but the School Committee retains full power to allocate the funds appropriated.

Financial Management

The Town adopted comprehensive financial policies in 2012 to address and document prudent strategies for the Town of Scituate to ensure stability during periods of economic downturn and that allocations to reserves are made to secure against future obligations. These policies provide an adequate level of services for the welfare of the citizens of the community in conjunction with its mission and statutory responsibilities. They afford balance and equity in providing services and have the flexibility to tolerate external economic and environmental events and other factors and variables over which the Town does not have control.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of our Town Departments. We would like to also express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen, and the Advisory Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances.

Respectfully submitted,



Patricia A. Vinchesi
Town Administrator



Nancy Holt
Finance Director/Town Accountant

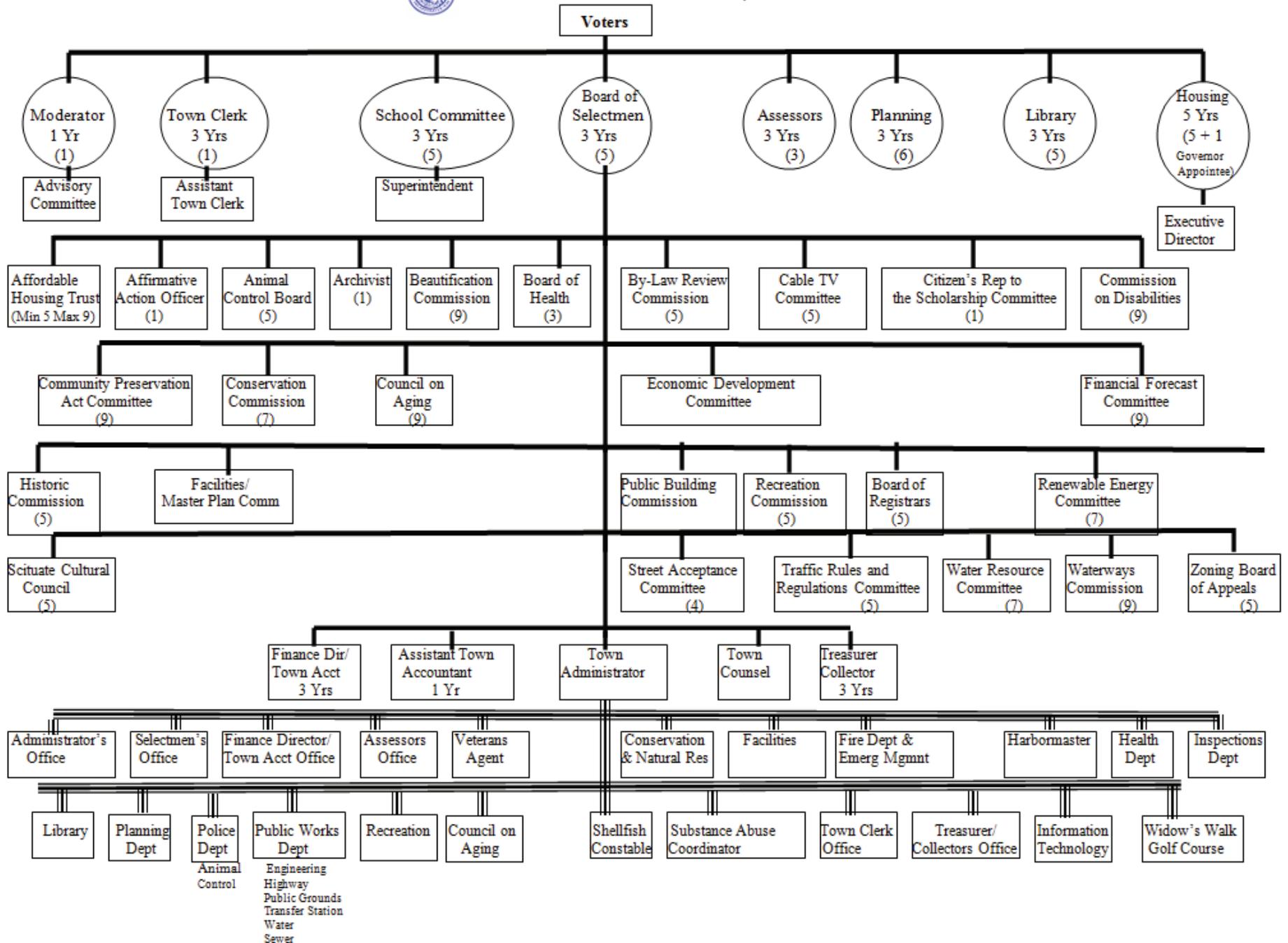
Town of Scituate, Massachusetts

Principal Executive Officers

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Shawn Harris	2017
	John F. Danehey, Chair	2016
	Richard W. Murray	2015
	Martin J. O'Toole	2016
	Anthony V. Vegnani	2017
Moderator	Richard P. Bowen	2014
Town Clerk	Kathleen A. Curran	2015
School Committee	Brenda Lee Bowen	2017
	Janet Taylor	2017
	Richard Hebert	2016
	Robyn L. Levirne	2016
	Michael Thomas Long, Chair	2015
 <u>Appointed Officials</u>		
Town Administrator	Patricia A. Vinchesi	
Finance Director/Town Accountant	Nancy Holt	
Treasurer Collector	Pamela J. Avitabile	
Director of Assessing	Stephen Jarzembowski	
Fire Chief	Richard A. Judge	
Police Chief	W. Michael Stewart	
Acting Director of Public Works	Kevin Cafferty	



TOWN OF SCITUATE, MA



Financial Section



Photo by Brightfields Development LLC. The Town of Scituate is the first municipality in Massachusetts to generate 100% of its utility needs through clean renewable energy. The 3MW solar array came online in FY 2014 and the 1.5MW wind turbine went online in FY 2013.

Financial Section



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www.powersandsullivan.com

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Scituate, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scituate, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of the Town of Scituate, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Scituate, Massachusetts' internal control over financial reporting and compliance.



December 10, 2014

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Scituate, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2014. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Scituate's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance

sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Scituate adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund as required supplementary information to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, transfer station, widow's walk golf course and waterways activities.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Scituate's assets exceeded liabilities by \$110.7 million at the close of 2014, which was an increase of \$6.3 million from the prior year.

Net position of \$86.9 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$10.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end balance of \$13.6 million.

At the end of the current year, the Town is able to report positive balances in two of three categories of net position, for the Town for its governmental activities. Its business-type activities report positive balances in both categories.

The governmental activity and business-type activity components are presented below.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental assets exceeded liabilities by \$62.9 million at the close of 2014.

Governmental net position of \$57.9 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by approximately \$1.4 million during 2014 and is due to the acquisition of capital assets exceeding depreciation expense.

An additional portion of the net position \$10.1 million represents resources that are subject to external restrictions on how they may be used. This balance increased approximately \$1.3 million primarily due to the recognition of revenue related to the Community Preservation Act.

The remaining balance of unrestricted net position is a deficit of \$5.2 million, which is due to the recognition of a \$21.6 million other postemployment liability. Unrestricted net position decreased by \$3.2 million. This was due to the increase in the OPEB liability of \$4.5 million offset by better than expected revenue collections and appropriations turn backs of \$1.1 million each; offset by the timing of grant revenue and expenditures in the nonmajor funds.

Capital assets increased due to \$2.1 million spent on community preservation projects, \$2.6 million spent on energy efficient improvements, \$1.4 million on infrastructure and \$300 thousand on other assets which was offset by depreciation of \$3.7 million. The increase in noncurrent liabilities (excluding debt) is the result of a \$4.5 million increase in the OPEB liability. Education expenses increased due to \$1.3 million increase in salary expenditures and \$2.1 million increase relating to the OPEB liability. The decrease in public works expenses is the result of prior year expenses of \$525,000 for storm cleanup.

Condensed financial data for 2014 and 2013 is presented below.

Governmental Activities

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets.....	\$ 32,716,432	\$ 32,457,083
Capital assets.....	73,093,965	70,444,791
Total assets.....	<u>105,810,397</u>	<u>102,901,874</u>
Liabilities:		
Current liabilities (excluding debt).....	3,947,444	4,641,107
Noncurrent liabilities (excluding debt).....	21,968,953	17,474,843
Current debt.....	2,936,214	1,992,879
Noncurrent debt.....	14,079,312	15,484,278
Total liabilities.....	<u>42,931,923</u>	<u>39,593,107</u>
Net Position:		
Net investment in capital assets.....	57,977,964	56,560,454
Restricted.....	10,144,946	8,821,398
Unrestricted.....	(5,244,436)	(2,073,085)
Total net position.....	<u>\$ 62,878,474</u>	<u>\$ 63,308,767</u>

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services.....	\$ 5,092,283	\$ 5,100,500
Operating grants and contributions.....	16,949,683	15,220,665
Capital grants and contributions.....	1,344,565	958,424
General Revenues:		
Real estate and personal property taxes.....	50,004,305	47,975,280
Tax liens.....	30,843	27,344
Motor vehicle and other excise taxes.....	2,818,956	2,530,107
Community preservation tax.....	1,158,916	1,105,543
Penalties and interest on taxes.....	640,163	447,439
Grants and contributions not restricted to specific programs.....	1,933,158	1,806,527
Unrestricted investment income.....	88,567	55,527
Miscellaneous.....	679,700	576,098
Total revenues.....	<u>80,741,139</u>	<u>75,803,454</u>
Expenses:		
General government.....	4,226,125	3,791,027
Public safety.....	12,168,321	11,893,978
Education.....	54,642,980	51,771,927
Public works.....	5,471,895	6,166,961
Human services.....	1,212,812	1,125,471
Culture and recreation.....	2,103,933	2,015,558
Community preservation.....	721,633	2,480
Interest.....	566,494	651,163
Total expenses.....	<u>81,114,193</u>	<u>77,418,565</u>
Excess (deficiency) before transfers.....	(373,054)	(1,615,111)
Transfers.....	<u>(57,239)</u>	<u>(41,469)</u>
Change in net position.....	(430,293)	(1,656,580)
Beginning net position.....	<u>63,308,767</u>	<u>64,965,347</u>
Ending net position.....	\$ <u><u>62,878,474</u></u>	\$ <u><u>63,308,767</u></u>

Business-type Activities

Condensed financial data for 2014 and 2013 is presented below.

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets.....	\$ 17,011,076	\$ 10,128,983
Noncurrent assets (excluding capital).....	12,198,777	8,257,816
Capital assets.....	60,626,313	60,096,194
Total assets.....	<u>89,836,166</u>	<u>78,482,993</u>
Liabilities:		
Current liabilities (excluding debt).....	1,931,716	1,324,176
Noncurrent liabilities (excluding debt).....	1,925,129	2,048,273
Current debt.....	10,704,391	3,500,366
Noncurrent debt.....	27,456,141	30,557,908
Total liabilities.....	<u>42,017,377</u>	<u>37,430,723</u>
Net Position:		
Net investment in capital assets.....	28,948,580	27,524,735
Unrestricted.....	18,870,209	13,527,535
Total net position.....	<u>\$ 47,818,789</u>	<u>\$ 41,052,270</u>
Program revenues:		
Charges for services.....	\$ 7,601,181	\$ 8,261,131
Operating grants and contributions.....	238,088	1,725
Capital grants and contributions.....	6,430,626	188,126
General Revenues:		
Excise taxes.....	39,821	36,043
Total revenues.....	<u>14,309,716</u>	<u>8,487,025</u>
Expenses:		
Water.....	2,144,201	2,638,627
Sewer.....	2,648,252	2,735,738
Transfer station.....	1,056,911	958,265
Widows Walk golf course.....	913,694	1,083,881
Waterways.....	837,378	861,637
Total expenses.....	<u>7,600,436</u>	<u>8,278,148</u>
Excess (deficiency) before transfers.....	6,709,280	208,877
Transfers.....	<u>57,239</u>	<u>41,469</u>
Change in net position.....	6,766,519	250,346
Beginning net position.....	<u>41,052,270</u>	<u>40,801,924</u>
Ending net position.....	<u>\$ 47,818,789</u>	<u>\$ 41,052,270</u>

At the end of the current year, the Town reports \$47.8 million in net position for its combined business-type activities. Of this balance, \$28.9 million reflects the Town's investment in capital assets of the enterprise funds less debt outstanding related to the construction of those assets.

There was a net increase of \$6.8 million in net position reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

Net Position:	<u>2014</u>		<u>2013</u>		<u>Change</u>
Water.....	\$ 10,755,864	\$	10,722,668	\$	33,196
Sewer.....	31,275,083		25,065,662		6,209,421
Transfer station.....	492,273		378,950		113,323
Widows Walk golf course.....	970,078		727,460		242,618
Waterways.....	<u>4,325,491</u>		<u>4,157,530</u>		<u>167,961</u>
 Total Net Position.....	 <u>\$ 47,818,789</u>	 \$	 <u>41,052,270</u>	 \$	 <u>6,766,519</u>

All of the enterprise funds set their user rates to recover the expected cash basis expenses in the current year. Therefore changes in the long-term assets and liabilities compared to the cash received or paid will explain the change in net position. One example is that the Town sets user rates to recover debt service principal expense and not depreciation. Therefore a consistent factor that explains why net position changed is the difference between long-term debt principal payments compared to depreciation expense. If the principal payment exceeds depreciation then net position will increase.

The water enterprise fund reported a slight increase in net position of \$33,000. Principal payments were lower than depreciation expense by \$51,000 which reduced net position. This was offset by favorable operating results.

The sewer enterprise fund reported an increase in net position of \$6.2 million. The main reason for the increase is a new special assessment billed to users to pay for betterments to infrastructure of \$5.8.

The transfer station fund reported an increase of \$113,000 in net position. Principal payments were lower than depreciation expense by \$25,000 which reduced net position. This was offset by favorable operating results.

The Widow's Walk golf course fund reported a \$243,000 increase in net position. Principal payments were higher than depreciation expense by \$158,000 which increased net position. Favorable operating results accounted for the balance of the increase.

The waterway's enterprise fund reported a \$168,000 increase in net position. Principal payments were higher than depreciation expense by \$58,000 which increased net position. Favorable operating results accounted for the balance of the increase.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$25.7 million, which is comprised of \$10.5 million in the general fund, \$7.1 million in the community preservation fund,

\$1 million in the affordable housing fund, and \$7.2 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$604,000 in fund balances from the prior year.

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$7.0 million, restricted fund balance was \$530,000, committed fund balance was \$1.9 million, assigned fund balance was \$1 million while total fund balance was \$10.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10% of total general fund budgetary expenditures, while total fund balance represents 15% of that same amount.

The fund balance of the general fund increased by \$1.1 million. The general fund had positive results where actual revenues exceeded the budget and actual expenditures were less than budgeted. These positive results were offset by the use of prior year reserves to balance the budget. The budgetary results led to a reduction of fund balance of (\$328,000). Part of the reduction included a net transfer to the Stabilization Fund of \$1,340,000. Since the Town reports the activity of the Stabilization and Workers Compensation Funds with the General Fund in the fund based financial statements the amounts offset and resulted in a fund based increase of \$1.1 million. The Stabilization Fund and Worker's Compensation Fund reported year end balances of approximately \$3.5 million and \$458,000, respectively.

The Town reports restricted fund balance in the general fund for \$458,000 from the Worker's Compensation Fund and \$72,000 of amounts restricted for debt service.

The *Community Preservation Act Fund* had a fund balance at year-end of \$7.1 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation Act's fund balance decreased by \$216,000 in 2014. The change in fund balance is entirely dependent on the timing of the planned use of accumulated revenues for the projects authorized.

The *Affordable Housing Fund* had a fund balance at year-end of \$1 million. This fund experienced a low level of activity in the current year. This program assists qualifying homeowners with down payment programs.

General Fund Budgetary Highlights

The initial 2014 operating budget consisted of \$62.9 million in appropriations and \$2.4 million in budgeted articles and encumbrances carried over from prior years. The increase between the original budget and the final amended budget was primarily due to supplemental appropriations of \$1.4 million of available funds (free cash) to fund the stabilization fund, purchase a fire truck, support veterans services subsistence, and to cover costs associated with unprecedented weather events during 2014. The final budget included the use of free cash (available fund balance) totaling \$2.1 million. Actual revenues came in over budget by approximately \$1.1 million, and actual expenditures came in under budget by approximately \$1.1 million, of this balance, the Town reserved \$2.9 million in articles and encumbrances for spending in subsequent years.

Capital Asset and Debt Administration

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

The Town's major capital additions for 2014 included sewer infrastructure and water mains in the enterprise funds along with \$2.1 million spent on community preservation projects, \$2.6 million spent on energy efficient improvements, \$1.4 million on infrastructure and \$300 thousand on other assets in the governmental activities.

The Town had \$1.3 million in governmental BAN's and \$7.5 million in business-type BAN's outstanding as of June 30, 2014.

Outstanding governmental long-term debt, as of June 30, 2014, totaled \$15.5 million, of which approximately \$10.4 million relates to various school construction projects, and \$585,000 relates to construction of seawalls, leaving a balance of approximately \$4.5 million for other various projects.

The enterprise funds long-term debt totaled \$30.6 million at year end; comprised of \$21.1 million in sewer debt, \$4.8 million in water debt, \$486,000 in transfer station debt, \$1.1 million in Widow's Walk golf course debt and \$3.1 million in waterways debt. Approximately \$1.3 million of the sewer debt is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT).

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Scituate's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 600 Chief Justice Cushing Way, Scituate, Massachusetts 02360.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2014

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 28,229,815	\$ 13,116,020	\$ 41,345,835
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	875,683	-	875,683
Tax liens.....	1,082,066	135,300	1,217,366
Motor vehicle and other excise taxes.....	190,370	-	190,370
User fees.....	-	1,810,591	1,810,591
Departmental and other.....	169,628	-	169,628
Special assessments.....	254,121	1,026,000	1,280,121
Intergovernmental.....	1,525,835	882,302	2,408,137
Tax foreclosures.....	388,914	-	388,914
Inventory.....	-	40,863	40,863
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	1,107,521	1,107,521
Special assessments.....	-	11,091,256	11,091,256
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	21,241,368	5,819,140	27,060,508
Depreciable.....	51,852,597	54,807,173	106,659,770
TOTAL ASSETS.....	105,810,397	89,836,166	195,646,563
LIABILITIES			
CURRENT:			
Warrants payable.....	1,756,358	1,278,890	3,035,248
Accrued liabilities.....	514,728	-	514,728
Tax refunds payable.....	25,500	-	25,500
Accrued interest.....	152,653	382,274	534,927
Abandoned property.....	39,240	-	39,240
Other liabilities.....	4,765	83,952	88,717
Capital lease obligations.....	29,358	27,763	57,121
Landfill closure.....	-	74,000	74,000
Compensated absences.....	1,454,200	112,600	1,566,800
Notes payable.....	1,325,000	7,511,000	8,836,000
Bonds payable.....	1,581,856	3,165,628	4,747,484
NONCURRENT:			
Capital lease obligations.....	176,890	63,861	240,751
Landfill closure.....	-	1,114,000	1,114,000
Compensated absences.....	319,146	33,717	352,863
Other postemployment benefits.....	21,649,807	777,412	22,427,219
Bonds payable.....	13,902,422	27,392,280	41,294,702
TOTAL LIABILITIES.....	42,931,923	42,017,377	84,949,300
NET POSITION			
Net investment in capital assets.....	57,977,964	28,948,580	86,926,544
Restricted for:			
Permanent funds:			
Expendable.....	392,066	-	392,066
Nonexpendable.....	27,051	-	27,051
Community preservation.....	7,113,888	-	7,113,888
Grants and Gifts.....	2,539,412	-	2,539,412
Debt Service.....	72,529	-	72,529
Unrestricted.....	(5,244,436)	18,870,209	13,625,773
TOTAL NET POSITION.....	\$ 62,878,474	\$ 47,818,789	\$ 110,697,263

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 4,226,125	\$ 675,874	\$ 327,275	\$ -	\$ (3,222,976)
Public safety.....	12,168,321	1,373,676	321,814	-	(10,472,831)
Education.....	54,642,980	1,969,243	15,018,876	19,025	(37,635,836)
Public works.....	5,471,895	590,965	209,839	563,163	(4,107,928)
Human services.....	1,212,812	80,631	47,173	-	(1,085,008)
Culture and recreation.....	2,103,933	401,894	1,024,706	-	(677,333)
Community preservation.....	721,633	-	-	762,377	40,744
Interest.....	566,494	-	-	-	(566,494)
Total Governmental Activities.....	81,114,193	5,092,283	16,949,683	1,344,565	(57,727,662)
<i>Business-Type Activities:</i>					
Water.....	2,144,201	2,421,697	-	-	277,496
Sewer.....	2,648,252	1,732,988	238,088	6,418,051	5,740,875
Transfer Station.....	1,056,911	1,201,259	-	-	144,348
Golf.....	913,694	1,209,170	-	-	295,476
Waterways.....	837,378	1,036,067	-	12,575	211,264
Total Business-Type Activities.....	7,600,436	7,601,181	238,088	6,430,626	6,669,459
Total Primary Government.....	\$ 88,714,629	\$ 12,693,464	\$ 17,187,771	\$ 7,775,191	\$ (51,058,203)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	<u>(57,727,662)</u>	<u>6,669,459</u>	<u>\$ (51,058,203)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	50,004,305	-	50,004,305.00
Tax liens.....	30,843	-	30,843.00
Motor vehicle and other excise taxes.....	2,818,956	39,821	2,858,777.00
Community preservation tax.....	1,158,916	-	1,158,916.00
Penalties and interest on taxes.....	640,163	-	640,163.00
Grants and contributions not restricted to specific programs.....	1,933,158	-	1,933,158.00
Unrestricted investment income.....	88,567	-	88,567.00
Miscellaneous.....	679,700	-	679,700.00
<i>Transfers, net</i>	<u>(57,239)</u>	<u>57,239</u>	<u>-</u>
Total general revenues and transfers.....	<u>57,297,369</u>	<u>97,060</u>	<u>57,394,429</u>
Change in net position.....	(430,293)	6,766,519	6,336,226
<i>Net Position:</i>			
Beginning of year.....	<u>63,308,767</u>	<u>41,052,270</u>	<u>104,361,037</u>
End of year..... \$	<u><u>62,878,474</u></u>	<u><u>47,818,789</u></u>	<u><u>\$ 110,697,263</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments.....	\$ 12,264,536	\$ 6,758,305	\$ 989,293	\$ 8,217,681	\$ 28,229,815
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	863,785	11,898	-	-	875,683
Tax liens.....	1,057,412	24,616	-	38	1,082,066
Motor vehicle and other excise taxes.....	190,370	-	-	-	190,370
Departmental and other.....	161,909	-	-	7,719	169,628
Special assessments.....	244,269	-	-	9,852	254,121
Intergovernmental.....	-	407,000	-	1,118,835	1,525,835
Tax foreclosures.....	388,914	-	-	-	388,914
Due from other funds.....	-	-	-	259,420	259,420
TOTAL ASSETS.....	\$ 15,171,195	\$ 7,201,819	\$ 989,293	\$ 9,613,545	\$ 32,975,852
LIABILITIES					
Warrants payable.....	\$ 1,426,608	\$ 87,931	\$ -	\$ 241,819	\$ 1,756,358
Accrued liabilities.....	514,728	-	-	-	514,728
Tax refunds payable.....	25,500	-	-	-	25,500
Abandoned property.....	39,240	-	-	-	39,240
Other liabilities.....	-	-	-	4,765	4,765
Due to other funds.....	-	-	-	259,420	259,420
Notes payable.....	-	-	-	1,325,000	1,325,000
TOTAL LIABILITIES.....	2,006,076	87,931	-	1,831,004	3,925,011
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	2,705,233	36,514	-	630,514	3,372,261
FUND BALANCES					
Nonspendable.....	-	-	-	27,051	27,051
Restricted.....	530,298	7,077,374	989,293	7,269,510	15,866,475
Committed.....	1,936,899	-	-	-	1,936,899
Assigned.....	1,025,883	-	-	-	1,025,883
Unassigned.....	6,966,806	-	-	(144,534)	6,822,272
TOTAL FUND BALANCES.....	10,459,886	7,077,374	989,293	7,152,027	25,678,580
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 15,171,195	\$ 7,201,819	\$ 989,293	\$ 9,613,545	\$ 32,975,852

See notes to basic financial statements.

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

JUNE 30, 2014

Total governmental fund balances.....	\$	25,678,580
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		73,093,965
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,372,261
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(152,653)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(15,484,278)	
Capital lease obligations.....	(206,248)	
Postemployment benefits.....	(21,649,807)	
Compensated absences.....	<u>(1,773,346)</u>	
Net effect of reporting long-term liabilities.....		<u>(39,113,679)</u>
Net position of governmental activities.....	\$	<u>62,878,474</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 49,925,979	\$ -	\$ -	\$ -	\$ 49,925,979
Motor vehicle and other excise taxes.....	2,837,763	-	-	-	2,837,763
Penalties and interest.....	397,984	5,079	-	-	403,063
Fees.....	417,458	-	-	1,950	419,408
Licenses and permits.....	558,224	-	-	254,190	812,414
Fines and forfeitures.....	99,660	-	-	-	99,660
Intergovernmental.....	14,522,254	762,377	-	4,395,727	19,680,358
Departmental and other.....	1,053,788	-	-	3,597,086	4,650,874
Community Preservation surtax.....	-	1,166,312	-	-	1,166,312
Contributions.....	-	-	-	170,014	170,014
Investment income.....	66,150	22,401	1,893	20,539	110,983
TOTAL REVENUES.....	69,879,260	1,956,169	1,893	8,439,506	80,276,828
EXPENDITURES:					
Current:					
General government.....	2,536,111	-	5,337	731,223	3,272,671
Public safety.....	8,072,031	-	-	110,597	8,182,628
Education.....	32,409,817	-	-	5,347,671	37,757,488
Public works.....	3,962,912	-	-	3,789,836	7,752,748
Human services.....	552,562	-	-	160,415	712,977
Culture and recreation.....	1,060,349	-	-	473,538	1,533,887
Community preservation.....	-	2,171,859	-	-	2,171,859
Pension benefits.....	11,179,729	-	-	-	11,179,729
Employee benefits.....	5,671,426	-	-	-	5,671,426
State and county charges.....	476,139	-	-	-	476,139
Debt service:					
Principal.....	1,767,879	-	-	-	1,767,879
Interest.....	584,080	-	-	-	584,080
TOTAL EXPENDITURES.....	68,273,035	2,171,859	5,337	10,613,280	81,063,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,606,225	(215,690)	(3,444)	(2,173,774)	(786,683)
OTHER FINANCING SOURCES (USES):					
Capital lease financing.....	-	-	-	239,937	239,937
Transfers in.....	1,034,655	-	-	779,897	1,814,552
Transfers out.....	(1,548,405)	-	-	(323,386)	(1,871,791)
TOTAL OTHER FINANCING SOURCES (USES).....	(513,750)	-	-	696,448	182,698
NET CHANGE IN FUND BALANCES.....	1,092,475	(215,690)	(3,444)	(1,477,326)	(603,985)
FUND BALANCES AT BEGINNING OF YEAR.....	9,367,411	7,293,064	992,737	8,629,353	26,282,565
FUND BALANCES AT END OF YEAR.....	\$ 10,459,886	\$ 7,077,374	\$ 989,293	\$ 7,152,027	\$ 25,678,580

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds.....		\$ (603,985)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	6,325,715	
Depreciation expense.....	<u>(3,676,541)</u>	
Net effect of reporting capital assets.....		2,649,174
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		464,311
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Capital lease financing.....	(206,248)	
Debt service principal payments.....	<u>1,767,879</u>	
Net effect of reporting long-term debt.....		1,561,631
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(18,732)	
Net change in accrued interest on long-term debt.....	17,586	
Net change in postemployment benefit accrual.....	<u>(4,500,278)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(4,501,424)</u>
Change in net position of governmental activities.....		\$ <u><u>(430,293)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
ASSETS						
CURRENT:						
Cash and cash equivalents..... \$	8,322,600	\$ 2,428,302	\$ 933,870	\$ 135,536	\$ 1,295,712	\$ 13,116,020
Receivables, net of allowance for uncollectibles:						
User fees.....	1,287,438	523,153	-	-	-	1,810,591
Water and sewer liens.....	51,296	84,004	-	-	-	135,300
Special assessments.....	-	1,026,000	-	-	-	1,026,000
Intergovernmental.....	-	882,302	-	-	-	882,302
Inventory.....	-	-	-	40,863	-	40,863
Total current assets.....	9,661,334	4,943,761	933,870	176,399	1,295,712	17,011,076
NONCURRENT:						
Receivables, net of allowance for uncollectibles:						
Intergovernmental.....	-	1,107,521	-	-	-	1,107,521
Special assessments.....	-	11,091,256	-	-	-	11,091,256
Capital assets, net of accumulated depreciation:						
Nondepreciable.....	2,144,140	-	-	-	3,675,000	5,819,140
Depreciable.....	12,526,716	36,034,326	1,463,731	2,134,422	2,647,978	54,807,173
Total noncurrent assets.....	14,670,856	48,233,103	1,463,731	2,134,422	6,322,978	72,825,090
TOTAL ASSETS.....	24,332,190	53,176,864	2,397,601	2,310,821	7,618,690	89,836,166
LIABILITIES						
CURRENT:						
Warrants payable.....	1,108,608	54,170	61,725	38,200	16,187	1,278,890
Accrued interest.....	51,793	270,730	6,473	14,400	38,878	382,274
Other liabilities.....	-	-	-	83,952	-	83,952
Capital lease obligations.....	-	-	-	27,763	-	27,763
Landfill closure.....	-	-	74,000	-	-	74,000
Compensated absences.....	55,700	14,200	21,000	-	21,700	112,600
Notes payable.....	7,200,000	311,000	-	-	-	7,511,000
Bonds payable.....	474,486	1,970,142	51,000	345,000	325,000	3,165,628
Total current liabilities.....	8,890,587	2,620,242	214,198	509,315	401,765	12,636,107
NONCURRENT:						
Capital lease obligations.....	-	-	-	63,861	-	63,861
Landfill closure.....	-	-	1,114,000	-	-	1,114,000
Compensated absences.....	15,709	2,013	8,151	-	7,844	33,717
Other postemployment benefits.....	394,250	143,026	133,979	32,567	73,590	777,412
Bonds payable.....	4,275,780	19,136,500	435,000	735,000	2,810,000	27,392,280
Total noncurrent liabilities.....	4,685,739	19,281,539	1,691,130	831,428	2,891,434	29,381,270
TOTAL LIABILITIES.....	13,576,326	21,901,781	1,905,328	1,340,743	3,293,199	42,017,377
NET POSITION						
Net investment in capital assets.....	8,449,828	15,104,633	981,231	962,798	3,450,090	28,948,580
Unrestricted.....	2,306,036	16,170,450	(488,958)	7,280	875,401	18,870,209
TOTAL NET POSITION..... \$	10,755,864	\$ 31,275,083	\$ 492,273	\$ 970,078	\$ 4,325,491	\$ 47,818,789

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
OPERATING REVENUES:						
Charges for services	\$ 2,391,439	\$ 1,413,513	\$ 1,199,118	\$ 1,209,070	\$ 893,176	\$ 7,106,316
Other	-	-	-	-	139,614	139,614
TOTAL OPERATING REVENUES	2,391,439	1,413,513	1,199,118	1,209,070	1,032,790	7,245,930
OPERATING EXPENSES:						
Cost of services and administration	1,417,842	978,426	953,435	691,910	425,478	4,467,091
Depreciation	562,085	892,424	82,177	171,654	277,089	1,985,429
TOTAL OPERATING EXPENSES	1,979,927	1,870,850	1,035,612	863,564	702,567	6,452,520
OPERATING INCOME (LOSS)	411,512	(457,337)	163,506	345,506	330,223	793,410
NONOPERATING REVENUES (EXPENSES):						
Investment income/(loss)	10,034	5,291	2,141	100	3,277	20,843
Interest expense	(164,274)	(777,402)	(21,299)	(50,130)	(134,811)	(1,147,916)
Intergovernmental	-	238,088	-	-	-	238,088
Boat excise taxes	-	-	-	-	39,821	39,821
Penalties and interest	20,224	314,184	-	-	-	334,408
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(134,016)	(219,839)	(19,158)	(50,030)	(91,713)	(514,756)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	277,496	(677,176)	144,348	295,476	238,510	278,654
TRANSFERS:						
Transfers in	-	668,508	100,000	-	-	768,508
Transfers out	(244,300)	(199,962)	(131,025)	(52,858)	(83,124)	(711,269)
TOTAL TRANSFERS	(244,300)	468,546	(31,025)	(52,858)	(83,124)	57,239
CAPITAL CONTRIBUTIONS:						
Capital contributions	-	6,418,051	-	-	12,575	6,430,626
CHANGE IN NET POSITION	33,196	6,209,421	113,323	242,618	167,961	6,766,519
NET POSITION AT BEGINNING OF YEAR	10,722,668	25,065,662	378,950	727,460	4,157,530	41,052,270
NET POSITION AT END OF YEAR	\$ 10,755,864	\$ 31,275,083	\$ 492,273	\$ 970,078	\$ 4,325,491	\$ 47,818,789

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 2,341,308	\$ 1,662,328	\$ 1,199,118	\$ 1,209,070	\$ 1,032,790	\$ 7,444,614
Payments to vendors.....	(572,105)	(576,007)	(750,501)	(545,653)	(167,257)	(2,611,523)
Payments to employees.....	(724,257)	(420,551)	(213,257)	(168,560)	(302,735)	(1,829,360)
NET CASH FROM OPERATING ACTIVITIES.....	1,044,946	665,770	235,360	494,857	562,798	3,003,731
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	-	668,508	100,000	-	-	768,508
Transfers out.....	(244,300)	(199,962)	(131,025)	(52,858)	(83,124)	(711,269)
Boat excise taxes.....	-	-	-	-	39,821	39,821
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(244,300)	468,546	(31,025)	(52,858)	(43,303)	97,060
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds.....	7,200,000	311,000	-	-	-	7,511,000
Acquisition and construction of capital assets.....	(882,749)	(930,329)	(6,904)	(27,991)	(70,891)	(1,918,864)
Principal payments on bonds.....	(511,493)	(2,024,177)	(57,000)	(330,000)	(335,000)	(3,257,670)
Interest expense.....	(183,385)	(515,410)	(21,967)	(53,705)	(138,554)	(913,021)
Capital contributions.....	-	1,744,626	-	-	12,575	1,757,201
Capital lease payments.....	-	-	-	(40,946)	-	(40,946)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	5,622,373	(1,414,290)	(85,871)	(452,642)	(531,870)	3,137,700
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income.....	10,034	5,291	2,141	100	3,277	20,843
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	6,433,053	(274,683)	120,605	(10,543)	(9,098)	6,259,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,889,547	2,702,985	813,265	146,079	1,304,810	6,856,686
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,322,600	\$ 2,428,302	\$ 933,870	\$ 135,536	\$ 1,295,712	\$ 13,116,020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ 411,512	\$ (457,337)	\$ 163,506	\$ 345,506	\$ 330,223	\$ 793,410
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	562,085	892,424	82,177	171,654	277,089	1,985,429
Receipts from users penalties and interest.....	20,224	314,184	-	-	-	334,408
Changes in assets and liabilities:						
Water and sewer liens.....	(15,864)	(26,707)	-	-	-	(42,571)
User fees.....	(54,491)	(38,662)	-	-	-	(93,153)
Inventory.....	-	-	-	14,551	-	14,551
Warrants payable.....	25,867	29,058	6,090	26,824	(2,754)	85,085
Other postemployment benefits.....	68,488	(29,747)	40,519	(47,727)	(49,003)	(17,470)
Accrued liabilities.....	-	-	-	(15,951)	-	(15,951)
Landfill closure.....	-	-	(62,000)	-	-	(62,000)
Accrued compensated absences.....	27,125	(17,443)	5,068	-	7,243	21,993
Total adjustments.....	633,434	1,123,107	71,854	149,351	232,575	2,210,321
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,044,946	\$ 665,770	\$ 235,360	\$ 494,857	\$ 562,798	\$ 3,003,731
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Amortization of debt premium.....	\$ 15,721	\$ -	\$ -	\$ -	\$ -	\$ 15,721
Intergovernmental subsidy of debt service.....	-	500,352	-	-	-	500,352

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 296,552	\$ 235,733	\$ 912,242
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	134,192
TOTAL ASSETS	296,552	235,733	1,046,434
LIABILITIES			
Warrants payable.....	-	-	32,068
Liabilities due depositors.....	-	-	984,366
Other liabilities.....	-	-	30,000
TOTAL LIABILITIES	-	-	1,046,434
NET POSITION			
Held in trust for OPEB and other purposes.....	\$ <u>296,552</u>	\$ <u>235,733</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

	Other Postemployment Benefits Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 84,640	\$ -
Private donations.....	2,293	-
Total contributions.....	<u>86,933</u>	<u>-</u>
Net investment income (loss):		
Interest.....	399	773
TOTAL ADDITIONS.....	<u>87,332</u>	<u>773</u>
<u>DEDUCTIONS:</u>		
Educational scholarships.....	-	17,875
CHANGE IN NET POSITION.....	87,332	(17,102)
NET POSITION AT BEGINNING OF YEAR.....	<u>209,220</u>	<u>252,835</u>
NET POSITION AT END OF YEAR.....	<u>\$ 296,552</u>	<u>\$ 235,733</u>

See notes to basic financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. The Town has not identified any component units requiring inclusion in these basic financial statements.

Joint Ventures – The Town has entered into a joint venture with the Towns of Abington, Cohasset, Hanover, Hanson, Norwell, Rockland and Whitman to pool resources and share in the costs, risks and rewards associated with providing vocational education through the South Shore Vocational Technical High School District. The Town's assessment for 2014 was \$465,730 and has no equity interest. Complete financial statements can be obtained directly from their administrative office located at 476 Webster Street, Hanover, MA 02339.

B. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

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

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding elements (assets and deferred outflows of resources, liabilities

and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding elements for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the water, sewer, transfer station, Widow's Walk golf course and waterways enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

compensated absences, other postemployment benefits obligations and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

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

The *affordable housing fund* is used to account for funds associated with the Town's affordable housing program, which assists qualifying homeowners with down payment programs.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

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

The following major proprietary funds are reported:

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

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

The *transfer station enterprise fund* is used to account for user fees and costs associated with the Town's pay-as-you-throw facility for household refuse.

The *Widow's Walk golf course enterprise fund* is used to account for the operations of the Town's golf course facility, which is maintained through the collection of user fees.

The *waterways enterprise fund* is used to account for user fees and costs associated with the protection, tracking, oversight, and usage of waterways surrounding or within the Town's borders. Fees are primarily derived from public marina slips and moorings maintained by the Town.

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity by the Town and uses the accrual basis of accounting but has no measurement focus.

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits (OPEB) liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at an average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle and Other Excise Taxes

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

Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

User Fees

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

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

Departmental and Other

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

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid.

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

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

Inventories of the Golf Enterprise Fund are carried at average cost.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases in excess of \$5,000 are capitalized at the date of acquisition with expected useful life of greater than two year. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Structure and improvements.....	20-50
Buildings.....	30-40
Machinery and equipment.....	3-10
Infrastructure.....	20-50

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

Governmental Fund Financial Statements

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

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town did not have any items that qualify for reporting in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have not been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

I. Unavailable Revenue

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements. Unavailable revenue consisted of taxes billed not yet received and grant awards related to expenditure driven grants in which the grant requirements have not been met.

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

Net position has been “restricted for” the following:

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. A Town Meeting Vote on a budget article (resolution) is the government’s highest level of decision-making authority. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town Accountant is authorized to assign fund balance. Funds are assigned when the Town has an obligation to purchase goods or services from the current years’ appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

O. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

Q. Individual Fund Deficits

An individual fund deficit exists in the School Capital Projects fund and School Lunch fund. These deficits will be funded through bond proceeds, grants and available funds in the future years.

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust 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.

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Scituate's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$40,749,416 and the bank balance totaled \$41,704,719. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$2,675,448 was covered by the Depositors Insurance Fund, \$7,772,981 was covered by the Share Insurance Fund, \$19,716,638 was collateralized, and \$9,039,652 was uninsured and uncollateralized.

Investments

As of June 30, 2014, the Town's investments consisted solely of its investment with MMDT in the amount of \$2,040,946. This investment is not rated.

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town's investment policy requires the Treasurer to review, on a quarterly basis, the Call Reports and/or the Uniform Bank Performance Report of any institution conducting business with the Town that receives a "Yellow" classification or less than three stars on the previous quarter's Veribanc report. As of June 30, 2014, the Town does not have custodial credit risk for its investments since MMDT deposits are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Investments are limited to the MMDT Cash Fund whose assets are managed to maintain a dollar-weighted average portfolio maturity of 90 days or less. The Town's investment policy limits investment maturities to seven years maintaining an average maturity no greater than three years for the portfolio.

Credit Risk

The Town's investment policy limits investing in corporate debt to a rating of "A" or better by either S&P or Moody's rating services. During the year the Town limited its investments to certificates of deposits, money market accounts, bank deposits and the MMDT. The MMDT funds are unrated.

Concentration of Credit Risk

The Town's investment policy allows the treasurer to invest an unlimited amount in MMDT, US Treasury Obligations, US Agency Obligations or bank accounts and CD's with final maturity no greater than one year from date of purchase and they are fully collateralized or covered by FDIC, DIF or SIF insurance. The Treasurer may invest in uninsured or unsecured bank accounts or CD's with a maturity of no greater than one year from the date of purchase, however the uninsured portion at any one institution cannot exceed 5% of the institution's total

deposits reflected on the bank’s last filed FDIC Call Report and no more than 35% of the Town’s funds may be held in uninsured accounts.

NOTE 3 – RECEIVABLES

At June 30, 2014, receivables for the individual major governmental funds, nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes...	\$ 914,459	\$ (38,776)	\$ 875,683
Tax liens.....	1,082,066	-	1,082,066
Motor vehicle and other excise taxes.....	213,921	(23,551)	190,370
Departmental and other.....	770,352	(600,724)	169,628
Special assessments.....	254,121	-	254,121
Intergovernmental.....	1,525,835	-	1,525,835
Total.....	<u>\$ 4,760,754</u>	<u>\$ (663,051)</u>	<u>\$ 4,097,703</u>

At June 30, 2014, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 1,810,591	\$ -	\$ 1,810,591
Water and sewer liens.....	135,300	-	135,300
Special assessments.....	12,117,256	-	12,117,256
Intergovernmental.....	1,989,823	-	1,989,823
Total.....	<u>\$ 16,052,970</u>	<u>\$ -</u>	<u>\$ 16,052,970</u>

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

	General Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes....	\$ 662,360	\$ 11,898	\$ -	\$ 674,258
Tax liens.....	1,057,412	24,616	38	1,082,066
Motor vehicle and other excise taxes.....	190,370	-	-	190,370
Departmental and other.....	161,909	-	7,719	169,628
Special assessments.....	244,268	-	5,087	249,355
Intergovernmental.....	-	-	617,670	617,670
Tax foreclosures.....	388,914	-	-	388,914
Total.....	<u>\$ 2,705,233</u>	<u>\$ 36,514</u>	<u>\$ 630,514</u>	<u>\$ 3,372,261</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 18,833,593	\$ 215,347	\$ -	\$ 19,048,940
Construction in progress.....	821,416	1,946,542	(575,530)	2,192,428
Total capital assets not being depreciated.....	<u>19,655,009</u>	<u>2,161,889</u>	<u>(575,530)</u>	<u>21,241,368</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,341,143	-	-	3,341,143
Buildings and building improvements.....	44,565,665	2,740,732	(698,000)	46,608,397
Machinery and equipment.....	10,169,275	146,444	(958,526)	9,357,193
Infrastructure.....	23,903,287	1,485,519	-	25,388,806
Vehicles.....	6,105,370	366,661	(430,319)	6,041,712
Total capital assets being depreciated.....	<u>88,084,740</u>	<u>4,739,356</u>	<u>(2,086,845)</u>	<u>90,737,251</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(629,771)	(116,058)	-	(745,829)
Buildings and building improvements.....	(13,002,236)	(1,709,138)	698,000	(14,013,374)
Machinery and equipment.....	(7,773,552)	(512,666)	958,526	(7,327,692)
Infrastructure.....	(11,461,019)	(973,555)	-	(12,434,574)
Vehicles.....	(4,428,380)	(365,124)	430,319	(4,363,185)
Total accumulated depreciation.....	<u>(37,294,958)</u>	<u>(3,676,541)</u>	<u>2,086,845</u>	<u>(38,884,654)</u>
Total capital assets being depreciated, net.....	<u>50,789,782</u>	<u>1,062,815</u>	<u>-</u>	<u>51,852,597</u>
Total governmental activities capital assets, net.....	<u>\$ 70,444,791</u>	<u>\$ 3,224,704</u>	<u>\$ (575,530)</u>	<u>\$ 73,093,965</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 411,673	\$ 1,732,467	\$ -	\$ 2,144,140
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	9,500	-	-	9,500
Machinery and equipment.....	442,569	125,431	(35,558)	532,442
Vehicles.....	353,181	28,365	(31,250)	350,296
Infrastructure.....	23,746,990	22,620	-	23,769,610
Total capital assets being depreciated.....	<u>24,552,240</u>	<u>176,416</u>	<u>(66,808)</u>	<u>24,661,848</u>
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(2,763)	(241)	-	(3,004)
Machinery and equipment.....	(194,964)	(33,129)	35,558	(192,535)
Vehicles.....	(206,635)	(21,373)	31,250	(196,758)
Infrastructure.....	(11,235,493)	(507,342)	-	(11,742,835)
Total accumulated depreciation.....	<u>(11,639,855)</u>	<u>(562,085)</u>	<u>66,808</u>	<u>(12,135,132)</u>
Total capital assets being depreciated, net.....	<u>12,912,385</u>	<u>(385,669)</u>	<u>-</u>	<u>12,526,716</u>
Total water capital assets, net.....	<u>\$ 13,324,058</u>	<u>\$ 1,346,798</u>	<u>\$ -</u>	<u>\$ 14,670,856</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 5,858,657	\$ 75,157	\$ (5,933,814)	\$ -
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	9,771,131	-	-	9,771,131
Machinery and equipment.....	7,888,306	23,840	-	7,912,146
Vehicles.....	229,337	-	(26,955)	202,382
Infrastructure.....	25,644,044	6,273,843	-	31,917,887
Total capital assets being depreciated.....	43,532,818	6,297,683	(26,955)	49,803,546
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(4,887,815)	(198,419)	-	(5,086,234)
Machinery and equipment.....	(3,282,362)	(162,098)	-	(3,444,460)
Vehicles.....	(162,570)	(9,016)	26,955	(144,631)
Infrastructure.....	(4,571,004)	(522,891)	-	(5,093,895)
Total accumulated depreciation.....	(12,903,751)	(892,424)	26,955	(13,769,220)
Total capital assets being depreciated, net.....	30,629,067	5,405,259	-	36,034,326
Total sewer capital assets, net.....	\$ 36,487,724	\$ 5,480,416	\$ (5,933,814)	\$ 36,034,326
	Beginning Balance	Increases	Decreases	Ending Balance
Transfer Station:				
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	\$ 2,221,043	\$ -	\$ -	\$ 2,221,043
Machinery and equipment.....	572,927	6,904	-	579,831
Vehicles.....	17,585	-	-	17,585
Total capital assets being depreciated.....	2,811,555	6,904	-	2,818,459
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(917,696)	(50,636)	-	(968,332)
Machinery and equipment.....	(339,770)	(29,041)	-	(368,811)
Vehicles.....	(15,085)	(2,500)	-	(17,585)
Total accumulated depreciation.....	(1,272,551)	(82,177)	-	(1,354,728)
Total capital assets being depreciated, net.....	1,539,004	(75,273)	-	1,463,731
Total transfer station capital assets, net.....	\$ 1,539,004	\$ (75,273)	\$ -	\$ 1,463,731

	Beginning Balance	Increases	Decreases	Ending Balance
Widows Walk Golf Course:				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 3,867,632	\$ -	\$ -	\$ 3,867,632
Buildings and building improvements.....	931,176	-	-	931,176
Machinery and equipment.....	<u>1,212,352</u>	<u>89,844</u>	<u>(30,141)</u>	<u>1,272,055</u>
Total capital assets being depreciated.....	<u>6,011,160</u>	<u>89,844</u>	<u>(30,141)</u>	<u>6,070,863</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,361,765)	(98,423)	-	(2,460,188)
Buildings and building improvements.....	(364,263)	(23,622)	-	(387,885)
Machinery and equipment.....	<u>(1,068,900)</u>	<u>(49,609)</u>	<u>30,141</u>	<u>(1,088,368)</u>
Total accumulated depreciation.....	<u>(3,794,928)</u>	<u>(171,654)</u>	<u>30,141</u>	<u>(3,936,441)</u>
Total Widow's Walk golf course capital assets, net.....	<u>\$ 2,216,232</u>	<u>\$ (81,810)</u>	<u>\$ -</u>	<u>\$ 2,134,422</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Waterways:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,675,000	\$ -	\$ -	\$ 3,675,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,189,755	70,891	-	4,260,646
Buildings and building improvements.....	955,686	-	-	955,686
Machinery and equipment.....	<u>1,632,853</u>	<u>-</u>	<u>(3,990)</u>	<u>1,628,863</u>
Total capital assets being depreciated.....	<u>6,778,294</u>	<u>70,891</u>	<u>(3,990)</u>	<u>6,845,195</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,846,170)	(158,249)	-	(3,004,419)
Buildings and building improvements.....	(226,683)	(25,215)	-	(251,898)
Machinery and equipment.....	<u>(851,265)</u>	<u>(93,625)</u>	<u>3,990</u>	<u>(940,900)</u>
Total accumulated depreciation.....	<u>(3,924,118)</u>	<u>(277,089)</u>	<u>3,990</u>	<u>(4,197,217)</u>
Total capital assets being depreciated, net.....	<u>2,854,176</u>	<u>(206,198)</u>	<u>-</u>	<u>2,647,978</u>
Total waterways capital assets, net.....	<u>\$ 6,529,176</u>	<u>\$ (206,198)</u>	<u>\$ -</u>	<u>\$ 6,322,978</u>

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

Governmental Activities:

General government.....	\$ 118,561
Public safety.....	248,925
Education.....	1,800,676
Public works.....	1,259,029
Human services.....	21,578
Culture and recreation.....	<u>227,772</u>

Total depreciation expense - governmental activities..... \$ 3,676,541

Business-Type Activities:

Water.....	\$ 562,085
Sewer.....	892,424
Transfer Station.....	82,177
Widow's Walk Golf Course.....	171,654
Waterways.....	<u>277,089</u>

Total depreciation expense - business-type activities..... \$ 1,985,429

NOTE 5 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

Within the nonmajor governmental funds the Town Revolving Fund loaned the Highway Improvement Fund \$259,420 on a temporary basis for cash flow purposes.

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Transfer Station Enterprise Fund	
General Fund.....	\$ -	\$ 779,897	\$ 668,508	\$ 100,000	\$ 1,548,405
Nonmajor Governmental Funds....	323,386	-	-	-	323,386
Water Enterprise Fund.....	244,300	-	-	-	244,300
Sewer Enterprise Fund.....	199,962	-	-	-	199,962
Transfer Station Fund.....	131,025	-	-	-	131,025
Golf Enterprise Fund.....	52,858	-	-	-	52,858
Waterways Enterprise Fund.....	<u>83,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,124</u>
Total.....	<u>\$ 1,034,655</u>	<u>\$ 779,897</u>	<u>\$ 668,508</u>	<u>\$ 100,000</u>	<u>\$ 2,583,060</u>

Transfers represent amounts voted to fund the 2014 operating budget, reimbursements of indirect costs of the enterprise funds and general fund debt service, capital subsidies to the water, sewer, and transfer station enterprise funds, and budgeted appropriations to nonmajor governmental funds.

NOTE 6 – LEASES

The Town has entered into lease agreements to finance the acquisition 3 school buses, as well as equipment and golf carts for the Widow’s Walk golf course, an enterprise fund of the Town. The lease agreements that qualify as capital leases for accounting purposes have been recorded at the present value of their future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment.....	\$ -	\$ 424,716
Vehicles.....	239,937	-
Less: accumulated depreciation.....	<u>(23,994)</u>	<u>(313,232)</u>
 Total.....	 \$ <u>215,943</u>	 \$ <u>111,484</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2014:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015.....	\$ 33,689	\$ 36,937
2016.....	33,690	29,605
2017.....	150,000	21,573
2018.....	-	13,705
2019.....	<u>-</u>	<u>8,333</u>
 Total minimum lease payments.....	 217,379	 110,153
 Less: amounts representing interest.....	 <u>(11,131)</u>	 <u>(18,529)</u>
 Present value of minimum lease payments.....	 \$ <u>206,248</u>	 \$ <u>91,624</u>

NOTE 7 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2014, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
Governmental Funds							
BAN	Facilities Design/Engineering Services...	.45	09/27/13	\$ 225,000	\$ -	\$ 225,000	\$ -
BAN	Facilities Design/Engineering Services...	.45	09/26/14	-	225,000	-	225,000
BAN	General Purpose.....	.75	09/26/14	-	1,100,000	-	1,100,000
Total Governmental.....				\$ 225,000	\$ 1,325,000	\$ 225,000	\$ 1,325,000
Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2013	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2014
Enterprise Funds							
BAN	Sewer Extension.....	.45	09/27/13	\$ 311,000	\$ -	\$ 311,000	\$ -
BAN	Sewer Extension.....	.45	09/26/14	-	311,000	-	311,000
Subtotal sewer.....				311,000	311,000	311,000	311,000
BAN	Waterpipe Renovations.....	.75	09/26/14	-	7,200,000	-	7,200,000
Total Enterprise.....				\$ 311,000	\$ 7,511,000	\$ 311,000	\$ 7,511,000

Subsequent to year end the Town reissued the full \$8,836,000 of BANs outstanding at a rate of 0.75%. The new BAN is due on March 27, 2015.

NOTE 8 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2014, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
General Obligation Bonds of 2000.....	2019	\$ 123,432	4.00 - 5.00	\$ 41,136	\$ -	\$ 6,858	\$ 34,278
General Obligation Bonds of 2005.....	2025	12,279,000	3.00 - 5.00	7,159,000	-	694,000	6,465,000
General Obligation Bonds of 2008.....	2026	11,491,500	3.00 - 5.00	2,425,000	-	295,000	2,130,000
General Obligation Bonds of 2011.....	2031	3,245,470	3.00 - 5.00	2,365,000	-	360,000	2,005,000
General Obligation Bonds of 2014.....	2033	5,262,021	2.00 - 2.75	5,262,021	-	412,021	4,850,000
Total Governmental Bonds Payable.....				\$ 17,252,157	\$ -	\$ 1,767,879	\$ 15,484,278

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

Year	Principal	Interest	Total
2015.....	\$ 1,581,856	\$ 519,014	\$ 2,100,870
2016.....	1,531,856	459,713	1,991,569
2017.....	1,486,856	405,543	1,892,399
2018.....	1,291,855	356,646	1,648,501
2019.....	1,151,855	310,884	1,462,739
2020.....	1,110,000	268,987	1,378,987
2021.....	1,090,000	229,438	1,319,438
2022.....	1,070,000	190,628	1,260,628
2023.....	1,075,000	153,311	1,228,311
2024.....	1,005,000	116,519	1,121,519
2025.....	1,005,000	80,264	1,085,264
2026.....	420,000	54,554	474,554
2027.....	265,000	41,542	306,542
2028.....	255,000	35,015	290,015
2029.....	255,000	28,417	283,417
2030.....	260,000	21,660	281,660
2031.....	250,000	14,588	264,588
2032.....	200,000	7,451	207,451
2033.....	180,000	2,475	182,475
Total.....	\$ <u>15,484,278</u>	\$ <u>3,296,649</u>	\$ <u>18,780,927</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$1,331,985 and interest costs for \$962,596. Thus, net sewer enterprise loan repayments, including interest, are scheduled to be \$22,789,361. The principal subsidies are guaranteed and therefore a \$1,331,985 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2014. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2014 principal and interest subsidies totaled \$228,453 and \$240,513, respectively.

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MCWT CW-02-22A.....	2024	\$ 1,288,256	2.00	\$ 884,160	\$ -	\$ 72,584	\$ 811,576
MCWT CW-04-38.....	2026	3,554,137	2.00	2,691,537	-	183,115	2,508,422
MCWT CW-04-38-A.....	2026	929,694	2.00	735,922	-	50,067	685,855
MCWT Pool 10.....	2021	11,253,992	2.50 - 5.25	5,651,719	-	823,971	4,827,748
MCWT CW-02-22.....	2024	4,557,209	0.00	3,261,781	-	242,313	3,019,468
General Obligation Bonds of 2005.....	2025	3,046,000	3.00 - 5.00	1,816,000	-	153,000	1,663,000
General Obligation Bonds of 2008.....	2024	800,000	3.00 - 5.00	550,000	-	50,000	500,000
General Obligation Bonds of 2011.....	2031	1,310,041	3.00 - 5.00	1,150,000	-	70,000	1,080,000
MCWT CWS-09-06.....	2033	348,667	2.00	348,667	-	14,104	334,563
General Obligation Bonds of 2014.....	2033	569,486	2.00 - 2.75	569,486	-	64,486	505,000
MCWT CW-10-25.....	2033	5,389,000	2.00	5,389,000	-	217,990	5,171,010
Subtotal sewer bonds payable.....				23,048,272	-	1,941,630	21,106,642
General Obligation Bonds of 2005.....	2025	1,660,000	3.00 - 5.00	647,000	-	126,000	521,000
General Obligation Bonds of 2008.....	2017	50,000	3.00 - 5.00	20,000	-	5,000	15,000
General Obligation Bonds of 2011.....	2031	4,147,000	3.00 - 5.00	3,630,000	-	250,000	3,380,000
General Obligation Bonds of 2014.....	2033	855,493	2.00 - 2.75	855,493	-	130,493	725,000
Subtotal water bonds payable.....				5,152,493	-	511,493	4,641,000
Unamortized Premium on Bonds.....				123,509	-	14,243	109,266
Total water bonds payable.....				5,276,002	-	525,736	4,750,266
General Obligation Bonds of 2005.....	2025	746,000	3.00 - 5.00	433,000	-	37,000	396,000
General Obligation Bonds of 2011.....	2020	150,000	3.00 - 5.00	110,000	-	20,000	90,000
Subtotal transfer station bonds payable.....				543,000	-	57,000	486,000
General Obligation Bonds of 2004.....	2017	3,755,000	2.00 - 4.00	1,410,000	-	330,000	1,080,000
Subtotal widow's walk golf course bonds payable.....				1,410,000	-	330,000	1,080,000
General Obligation Bonds of 2005.....	2024	4,175,000	3.00 - 5.00	2,415,000	-	220,000	2,195,000
General Obligation Bonds of 2008.....	2023	564,500	3.00 - 5.00	295,000	-	45,000	250,000
General Obligation Bonds of 2011.....	2025	903,489	3.00 - 5.00	760,000	-	70,000	690,000
Subtotal waterway's bonds payable.....				3,470,000	-	335,000	3,135,000
Total Enterprise Bonds Payable.....				\$ 33,747,274	\$ -	\$ 3,189,366	\$ 30,557,908

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

SEWER ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2015.....	\$ 1,970,142	\$ 684,418	\$ 2,654,560
2016.....	2,012,811	601,744	2,614,555
2017.....	2,063,814	521,188	2,585,002
2018.....	2,100,633	421,371	2,522,004
2019.....	2,146,318	352,858	2,499,176
2020.....	1,377,601	288,326	1,665,927
2021.....	1,370,850	241,324	1,612,174
2022.....	1,258,105	197,849	1,455,954
2023.....	1,283,295	157,058	1,440,353
2024.....	1,294,778	115,651	1,410,429
2025.....	817,587	92,430	910,017
2026.....	681,846	71,823	753,669
2027.....	391,941	60,078	452,019
2028.....	393,612	51,151	444,763
2029.....	400,428	42,143	442,571
2030.....	407,392	32,968	440,360
2031.....	409,507	23,669	433,176
2032.....	361,777	14,274	376,051
2033.....	364,205	6,978	371,183
Total.....	\$ <u>21,106,642</u>	\$ <u>3,977,301</u>	\$ <u>25,083,943</u>

WATER ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2015.....	\$ 461,000	\$ 169,412	\$ 630,412
2016.....	406,000	153,197	559,197
2017.....	396,000	139,182	535,182
2018.....	371,000	125,755	496,755
2019.....	321,000	112,940	433,940
2020.....	306,000	100,775	406,775
2021.....	306,000	87,235	393,235
2022.....	276,000	73,695	349,695
2023.....	256,000	65,366	321,366
2024.....	241,000	57,119	298,119
2025.....	236,000	48,720	284,720
2026.....	180,000	40,303	220,303
2027.....	180,000	33,720	213,720
2028.....	175,000	27,131	202,131
2029.....	170,000	20,319	190,319
2030.....	170,000	13,694	183,694
2031.....	170,000	7,050	177,050
2032.....	10,000	400	10,400
2033.....	10,000	138	10,138
Total.....	\$ <u>4,641,000</u>	\$ <u>1,276,151</u>	\$ <u>5,917,151</u>

TRANSFER STATION ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2015.....	\$ 51,000	\$ 19,887	\$ 70,887
2016.....	51,000	17,847	68,847
2017.....	51,000	15,807	66,807
2018.....	51,000	13,766	64,766
2019.....	51,000	11,727	62,727
2020.....	51,000	9,687	60,687
2021.....	36,000	7,497	43,497
2022.....	36,000	6,057	42,057
2023.....	36,000	4,572	40,572
2024.....	36,000	3,060	39,060
2025.....	36,000	1,530	37,530
Total.....	\$ <u>486,000</u>	\$ <u>111,437</u>	\$ <u>597,437</u>

WIDOW'S WALK ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2015.....	\$ 345,000	\$ 36,300	\$ 381,300
2016.....	360,000	22,200	382,200
2017.....	375,000	7,500	382,500
Total.....	\$ <u>1,080,000</u>	\$ <u>66,000</u>	\$ <u>1,146,000</u>

WATERWAY'S ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2015.....	\$ 325,000	\$ 126,079	\$ 451,079
2016.....	325,000	113,254	438,254
2017.....	325,000	100,429	425,429
2018.....	315,000	87,516	402,516
2019.....	315,000	74,916	389,916
2020.....	310,000	62,316	372,316
2021.....	310,000	49,266	359,266
2022.....	310,000	36,191	346,191
2023.....	305,000	24,060	329,060
2024.....	255,000	11,888	266,888
2025.....	40,000	1,400	41,400
Total.....	\$ <u>3,135,000</u>	\$ <u>687,315</u>	\$ <u>3,822,315</u>

At June 30, 2014, the Town had the following authorized and unissued debt:

Purpose	Amount
Marine park recreational facility.....	\$ 280,000
Road and highway improvements.....	1,023,149
Departmental equipment.....	85,000
Energy savings contract.....	3,200,000
Facilities design engineering services.....	375,000
School improvements.....	500,000
Fire department equipment.....	400,000
Library renovations.....	12,000,000
Software.....	200,000
Police and fire communication system.....	208,000
Foreshore protection.....	800,000
DPW dump truck.....	135,000
Water.....	22,400,000
Sewer.....	738,429
Dredging.....	195,000
Total.....	\$ 42,539,578

Changes in Long-Term Liabilities

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

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Current Portion
Governmental Activities:					
Long-Term Bonds.....	\$ 17,252,157	\$ -	\$ (1,767,879)	\$ 15,484,278	\$ 1,581,856
Compensated Absences.....	1,754,614	1,448,032	(1,429,300)	1,773,346	1,454,200
Other Postemployment Benefits.....	17,149,529	6,354,804	(1,854,526)	21,649,807	-
Capital Lease.....	-	239,937	(33,689)	206,248	29,358
Total governmental activity long-term liabilities.....	\$ 36,156,300	\$ 8,042,773	\$ (5,085,394)	\$ 39,113,679	\$ 3,065,414
Business-Type Activities:					
Long-Term Bonds.....	\$ 33,623,765	\$ -	\$ (3,175,123)	\$ 30,448,642	\$ 3,152,142
Add: unamortized premium.....	123,509	-	(14,243)	109,266	13,486
Compensated Absences.....	124,324	115,493	(93,500)	146,317	112,600
Landfill Closure.....	1,250,000	72,000	(134,000)	1,188,000	74,000
Other Postemployment Benefits.....	794,882	49,123	(66,593)	777,412	-
Capital Lease.....	70,717	61,853	(40,946)	91,624	27,763
Total business-type activity long-term liabilities.....	\$ 35,987,197	\$ 298,469	\$ (3,524,405)	\$ 32,761,261	\$ 3,379,991

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town utilizes a hierarchy for fund balance classifications based on the constraints imposed on the uses of those resources.

The Town reports two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or that are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, the Town utilizes a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2014, the governmental fund balances consisted of the following:

	<u>General</u>	<u>Community Preservation</u>	<u>Affordable Housing</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES					
Nonspendable:					
Permanent fund principal..... \$	-	-	-	27,051	\$ 27,051
Restricted for:					
Community preservation.....	-	7,077,374	-	-	7,077,374
Affordable Housing.....	-	-	989,293	-	989,293
School gifts and grants.....	-	-	-	419,390	419,390
School revolving funds.....	-	-	-	539,871	539,871
Town gifts and grants.....	-	-	-	1,506,007	1,506,007
Town revolving funds.....	-	-	-	3,658,286	3,658,286
Highway Improvements.....	-	-	-	4,353	4,353
Title V program.....	-	-	-	38,486	38,486
Town capital projects.....	-	-	-	711,051	711,051
Permanent Trust funds.....	-	-	-	392,066	392,066
Future debt service - interest.....	72,529	-	-	-	72,529
Workers compensation.....	457,769	-	-	-	457,769
Committed to:					
General government.....	500,790	-	-	-	500,790
Public safety.....	163,253	-	-	-	163,253
Education.....	943,220	-	-	-	943,220
Public works.....	310,392	-	-	-	310,392
Human services.....	19,244	-	-	-	19,244
Assigned to:					
General government.....	184,575	-	-	-	184,575
Public safety.....	19,127	-	-	-	19,127
Education.....	102,501	-	-	-	102,501
Public works.....	520,866	-	-	-	520,866
Human services.....	36,985	-	-	-	36,985
Culture and recreation.....	239	-	-	-	239
Employee benefits.....	101,590	-	-	-	101,590
Free cash used for 2015 budget.....	60,000	-	-	-	60,000
Unassigned.....	6,966,806	-	-	(144,534)	6,822,272
TOTAL FUND BALANCES.....	\$ 10,459,886	\$ 7,077,374	\$ 989,293	\$ 7,152,027	\$ 25,678,580

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes on an as needed basis. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. The stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. Additions to and withdrawals from the funds can only be made upon Town Meeting approval. In accordance with Massachusetts General Law the Town has established a general stabilization fund. At year end the balance of the general stabilization fund totaled approximately \$3.5 million and is reported as unassigned fund balance within the general fund.

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town participates in a health insurance risk pool trust administered by Mayflower Municipal Health Group (Mayflower), a municipal joint purchase group led by a Steering Committee and general board that obtains health insurance for member governments at costs eligible to larger groups. Mayflower offers a variety of premium based plans to its members with each participating governmental unit being charged a premium for coverage based on rates established by Mayflower. The Town is obligated to pay Mayflower its required premiums and, in the event Mayflower is terminated, its pro-rata share of a deficit, should one exist.

The Town is self-insured for workman's compensation and unemployment benefits. The incurred but not reported liability related to workman's compensation and unemployment claims is immaterial and therefore not recorded.

NOTE 11 – PENSION PLAN

Plan Description - The Town contributes to the Plymouth County Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Plymouth County Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$7,532,000 for the year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Plymouth County Contributory Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 10 Cordage Park Circle, Suite 234, North Plymouth, Massachusetts 02360.

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32 of the MGL governs the contributions of plan members and the Town. The Town's contributions to the System for the years ended June 30, 2014, 2013, and 2012 were \$3,584,859, \$3,444,211, and \$3,164,536, respectively, which equaled its required contribution for each year.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and inflation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information

about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town’s proportionate share of the plan’s annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and town ordinance. All benefits are provided through the Town’s insurance program.

At July 1, 2012, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	508
Current active members.....	<u>726</u>
Total.....	<u><u>1,234</u></u>

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2014, the Town contributed \$1.9 million to the plan.

Annual OPEB Costs and Net OPEB Obligation – The Town’s annual other postemployment benefit (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations are summarized in the following table:

Annual Required Contribution.....	\$ 5,568,342
Interest on net OPEB Obligation.....	717,776
Adjustment to the ARC.....	<u>117,809</u>
Annual OPEB cost (expense).....	6,403,927
Contributions made.....	<u>(1,921,119)</u>
Increase/Decrease in net OPEB obligation.....	4,482,808
Net OPEB obligation - beginning of year.....	<u>17,944,411</u>
Net OPEB obligation - end of year.....	<u><u>\$ 22,427,219</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 6,403,927	30%	\$ 22,427,219
6/30/2013	5,996,829	34%	17,944,411
6/30/2012	5,368,371	37%	13,961,714
6/30/2011	5,079,506	34%	10,525,859
6/30/2010	5,317,917	31%	7,181,411

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2012, is as follows:

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Cost (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2012	\$ -	\$ 65,117,566	\$ 65,117,566	0.00%	N/A	N/A

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

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

Valuation date.....	July 1, 2012
Actuarial cost method.....	Projected Unit Cost, Closed
Amortization method.....	Amortization payments increasing at 4.00%
Remaining amortization period.....	30 years as of July 1, 2012,closed
Actuarial Assumptions:	
Investment rate of return.....	4.00%, pay-as-you-go scenario
Inflation rate.....	3.00%
Projected salary increases.....	2.50%
Medical/drug cost trend rate.....	9% in 2014 grading down 1% per year reaching the ultimate rate of 5% in 2018

NOTE 13 – LANDFILL CLOSURE COSTS

The Town’s landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill cover is installed. The Town presently appropriates approximately \$74,000 per year for post-closure care costs and has recorded a liability of \$1,188,000 in the business-type activities as a result of this activity. Actual costs may change due to inflation, changes in technology, or changes in regulations.

NOTE 14 – COMMITMENTS

The Town has various commitments related to the construction of a new library, a water pipe improvement and replacement project, and an energy savings contract project for which the Town has authorized \$12,000,000; \$22,400,000; and \$5,900,000 to be financed through long-term borrowing.

The Town has entered into a long-term contract with South Eastern Massachusetts Partnership (SEMASS) to provide solid waste disposal services. Total charges are based on a formula of tipping and transport fees with costs rising gradually through 2023 when the contract expires. Actual expenditures under this contract for year 2014 were approximately \$278,000.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Balance Sheet. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in 2015.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 49,717,279	\$ 49,717,279	\$ 49,717,279
Motor vehicle and other excise taxes.....	-	2,417,580	2,417,580	2,417,580
Penalties and interest on taxes.....	-	348,211	348,211	348,211
Fees and rentals.....	-	394,793	394,793	394,793
Licenses and permits.....	-	455,320	455,320	455,320
Fines and forfeitures.....	-	78,269	78,269	78,269
Intergovernmental.....	-	6,930,092	6,930,092	6,930,092
Departmental and other.....	-	874,838	874,838	874,838
Investment income.....	-	30,989	30,989	30,989
TOTAL REVENUES.....	-	61,247,371	61,247,371	61,247,371
EXPENDITURES:				
Current:				
General government.....	387,483	2,880,235	3,267,718	3,552,892
Public safety.....	100,413	8,027,982	8,128,395	8,311,394
Education.....	1,147,456	31,947,479	33,094,935	33,457,935
Public works.....	692,729	3,721,923	4,414,652	5,324,813
Human services.....	34,017	671,482	705,499	718,748
Culture and recreation.....	3,955	1,111,952	1,115,907	1,097,907
Pension benefits.....	-	3,647,838	3,647,838	3,647,838
Employee benefits.....	52,000	5,867,469	5,919,469	5,932,369
State and county charges.....	-	463,691	463,691	463,691
Debt service:				
Principal.....	-	1,767,879	1,767,879	1,767,879
Interest.....	-	594,755	594,755	594,755
TOTAL EXPENDITURES.....	2,418,053	60,702,685	63,120,738	64,870,221
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,418,053)	544,686	(1,873,367)	(3,622,850)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	869,208	869,208	1,408,362
Transfers out.....	-	(2,154,463)	(2,154,463)	(3,337,563)
TOTAL OTHER FINANCING SOURCES (USES)....	-	(1,285,255)	(1,285,255)	(1,929,201)
NET CHANGE IN FUND BALANCE.....	(2,418,053)	(740,569)	(3,158,622)	(5,552,051)
BUDGETARY FUND BALANCE, Beginning of year.....	-	6,543,041	6,543,041	6,543,041
BUDGETARY FUND BALANCE, End of year.....	\$ (2,418,053)	\$ 5,802,472	\$ 3,384,419	\$ 990,990

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	49,940,479	\$ -	\$ 223,200
	2,837,763	-	420,183
	397,984	-	49,773
	417,458	-	22,665
	558,224	-	102,904
	99,660	-	21,391
	6,990,363	-	60,271
	1,053,788	-	178,950
	57,879	-	26,890
	<u>62,353,598</u>	<u>-</u>	<u>1,106,227</u>
	2,536,111	685,365	331,416
	8,072,031	182,380	56,983
	32,409,817	1,045,721	2,397
	3,962,912	831,258	530,643
	552,562	56,229	109,957
	1,060,349	239	37,319
	3,647,838	-	-
	5,758,377	101,590	72,402
	476,139	-	(12,448)
	1,767,879	-	-
	584,080	-	10,675
	<u>60,828,095</u>	<u>2,902,782</u>	<u>1,139,344</u>
	<u>1,525,503</u>	<u>(2,902,782)</u>	<u>2,245,571</u>
	1,557,729	-	149,367
	<u>(3,411,110)</u>	<u>-</u>	<u>(73,547)</u>
	<u>(1,853,381)</u>	<u>-</u>	<u>75,820</u>
	(327,878)	(2,902,782)	2,321,391
	<u>6,543,041</u>	<u>-</u>	<u>-</u>
\$	<u><u>6,215,163</u></u>	<u><u>(2,902,782)</u></u>	<u><u>2,321,391</u></u>

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions.

PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/13	\$ 666,899,774	\$ 1,319,764,989	\$ 652,865,215	50.5%	\$ 238,655,485	273.6%
01/01/11	666,730,812	1,187,447,414	520,716,602	56.1%	228,289,638	228.1%
01/01/10	673,709,456	1,132,847,379	459,137,923	59.5%	227,507,647	201.8%
01/01/09	579,877,224	1,159,210,636	579,333,412	50.0%	264,541,078	219.0%
01/01/08	683,819,938	1,056,020,215	372,200,277	64.8%	252,682,832	147.3%
01/01/07	606,629,089	987,840,418	381,211,329	61.4%	244,574,136	155.9%
01/01/06	558,533,863	918,851,707	360,317,844	60.8%	226,262,731	159.2%
01/01/04	520,104,805	802,158,453	282,053,648	64.8%	208,312,002	135.4%
01/01/02	466,325,660	733,198,204	266,872,544	63.6%	205,039,686	130.2%
01/01/00	450,210,619	611,204,058	160,993,439	73.7%	178,010,731	90.4%
01/01/98	316,253,566	492,303,777	176,050,211	64.2%	148,264,981	118.7%

The Town's share of the UAAL, as of June 30, 2014, is approximately 6.52%.

See notes to required supplementary information.

PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	System Wide			Town of Scituate	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 54,966,177	\$ 54,966,177	100%	\$ 3,584,859	6.52%
2013	52,815,431	52,815,431	100%	3,444,211	6.52%
2012	46,850,767	46,850,767	100%	3,164,536	6.75%
2011	48,986,967	48,986,967	100%	3,118,030	6.37%
2010	42,708,712	42,708,712	100%	2,758,350	6.46%
2009	41,286,384	41,286,384	100%	2,668,512	6.46%
2008	38,854,868	38,854,868	100%	2,464,168	6.34%

The Town's Actual Contributions equaled 100% of its Required Contributions for each year presented.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Cost (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2012	\$ -	\$ 65,117,566	\$ 65,117,566	0.00%	N/A	N/A
7/1/2010	-	53,916,330	53,916,330	0.00%	N/A	N/A
7/1/2008	-	49,580,009	49,580,009	0.00%	N/A	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions	Total Percentage Contributed
6/30/2014	\$ 5,568,342	\$ 1,921,119	34.5%
6/30/2013	5,320,551	2,014,132	37.9%
6/30/2012	5,368,371	1,890,814	35.2%
6/30/2011	5,100,217	1,735,058	34.0%
6/30/2010	5,317,917	1,670,005	31.4%
6/30/2009	5,050,918	1,517,419	30.0%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	July 1, 2012
Actuarial cost method.....	Projected Unit Cost, Closed
Amortization method.....	Amortization payments increasing at 4.00%
Remaining amortization period.....	30 years as of July 1, 2012,closed

Actuarial Assumptions:

Investment rate of return.....	4.00%, pay-as-you-go scenario
Inflation rate.....	3.00%
Projected salary increases.....	2.50%
Medical/drug cost trend rate.....	9% in 2014 grading down 1% per year reaching the ultimate rate of 5% in 2018

Plan Membership:

Current retirees, beneficiaries, and dependents.....	508
Current active members.....	<u>726</u>
Total.....	<u><u>1,234</u></u>

See notes to required supplementary information.

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

Municipal Law requires the adoption of a balanced budget that is approved by the Town's Advisory Committee (Committee) and the Board of Selectmen (Board). The Town Administrator submits a proposed operating budget to the Committee and the Board for the ensuing year. The Board and the Committee hold public hearings on the proposed budget and present the proposed budget to an open Town meeting. The proposed budget includes detailed estimates of revenues and anticipated expenditures and other financing sources and other financing uses. Town meeting has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

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

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

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized with the approval of the Department of Revenue; and expenditures related to snow and ice removal may exceed the level of spending authorized with the approval of the Board of Selectmen.

The Town adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2014 approved budget for the General Fund includes \$62.9 million in current year appropriations and other amounts to be raised and \$2.4 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$2.9 million.

Along with the Town Administrator, the Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2014, is presented below:

Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ (327,878)
<u>Perspective difference:</u>	
Funds recorded in the General Fund for GAAP:	
Stabilization Fund.....	1,346,973
Workers' Compensation Fund.....	87,880
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	5,500
Net change in recording receivables.....	(20,000)
Recognition of revenue for on-behalf payments.....	7,531,891
Recognition of expenditures for on-behalf payments.....	<u>(7,531,891)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	<u>\$ 1,092,475</u>

C. Appropriation Deficits

During 2014, expenditure exceeded the budgeted appropriation for state and county charges. The final budget is estimated by the state during the budget process and the Town has no control over the final charges.

NOTE B – PENSION PLAN

The Town contributes to the Plymouth County Contributory Retirement System (the System), a cost-sharing, multiple-employer defined benefit pension plan (Plan) administered by the Plymouth County Retirement Association (Association). The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of MGL assigns authority to establish and amend benefit provisions of the Plan. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarially determined contribution which is apportioned among the employers based on active current payroll.

The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System’s most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2013
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.0% per year
Remaining Amortization Period.....	21 years remaining as of January 1, 2013
Asset Valuation Method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value is determined using a 5 year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.

Actuarial Assumptions:

Investment rate of return.....	8.25%
Projected salary increases.....	4.00%
Cost of living adjustments.....	3.0% of the lesser of the pension amount and \$13,000 per year

Plan Membership:

Retired participants and beneficiaries receiving benefits.....	3,228
Inactive participants.....	2,108
Disabled participants.....	360
Active participants.....	<u>5,729</u>
 Total.....	 <u><u>11,425</u></u>

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

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

Combining and Individual Fund Statements

The combining and individual fund financial statements provide a more detailed view of the “Basic Financial Statements presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given type.

Individual fund statements offer more descriptive account information.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

School Lunch – To account for the operations of the public school lunch program.

School Gifts & Grants – To account for educational programs specifically financed by gifts, grants and other restricted revenues.

School Revolving – To account for self-supporting educational programs and activities.

Town Gifts & Grants – To account for various gifts, grants and legally restricted revenues for special programs administered by Town departments.

Town Revolving – To account for self-supporting programs and activities.

Highway Improvements – To account for construction, reconstruction and improvements of roadways, streets and sidewalks.

Title V Program – To account for the Massachusetts Title V assistance program to regulate septic systems.

Capital Projects Funds:

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

School Capital Projects – To account for the construction and renovation of educational projects.

Town Capital Projects – To account for the construction and renovation of Town projects.

Permanent Fund:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Town Trust Fund – To account for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to other Town activities.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET**

JUNE 30, 2014

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
ASSETS						
Cash and cash equivalents.....	\$ 3,863	\$ 270,010	\$ 553,340	\$ 1,508,523	\$ 3,507,131	\$ -
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	38	-
Departmental and other.....	-	-	-	-	7,719	-
Special assessments.....	-	-	-	-	-	-
Intergovernmental.....	-	168,989	-	52,644	-	897,202
Due from other funds.....	-	-	-	-	259,420	-
TOTAL ASSETS.....	\$ 3,863	\$ 438,999	\$ 553,340	\$ 1,561,167	\$ 3,774,308	\$ 897,202
LIABILITIES						
Warrants payable.....	\$ 11,871	\$ 19,609	\$ 13,469	\$ 55,160	\$ 108,265	\$ 15,759
Other liabilities.....	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	-	259,420
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	11,871	19,609	13,469	55,160	108,265	275,179
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	7,757	617,670
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	419,390	539,871	1,506,007	3,658,286	4,353
Unassigned.....	(8,008)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS).....	(8,008)	419,390	539,871	1,506,007	3,658,286	4,353
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,863	\$ 438,999	\$ 553,340	\$ 1,561,167	\$ 3,774,308	\$ 897,202

Special Revenue Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Title V Program	Subtotal	School Capital Projects	Town Capital Projects	Subtotal	Town Trust Fund	
\$ 38,486	\$ 5,881,353	\$ 170,225	\$ 1,738,451	\$ 1,908,676	\$ 427,652	\$ 8,217,681
-	38	-	-	-	-	38
-	7,719	-	-	-	-	7,719
9,852	9,852	-	-	-	-	9,852
-	1,118,835	-	-	-	-	1,118,835
-	259,420	-	-	-	-	259,420
<u>\$ 48,338</u>	<u>\$ 7,277,217</u>	<u>\$ 170,225</u>	<u>\$ 1,738,451</u>	<u>\$ 1,908,676</u>	<u>\$ 427,652</u>	<u>\$ 9,613,545</u>
\$ -	\$ 224,133	\$ 6,751	\$ 2,400	\$ 9,151	\$ 8,535	\$ 241,819
4,765	4,765	-	-	-	-	4,765
-	259,420	-	-	-	-	259,420
-	-	300,000	1,025,000	1,325,000	-	1,325,000
4,765	488,318	306,751	1,027,400	1,334,151	8,535	1,831,004
5,087	630,514	-	-	-	-	630,514
-	-	-	-	-	27,051	27,051
38,486	6,166,393	-	711,051	711,051	392,066	7,269,510
-	(8,008)	(136,526)	-	(136,526)	-	(144,534)
38,486	6,158,385	(136,526)	711,051	574,525	419,117	7,152,027
<u>\$ 48,338</u>	<u>\$ 7,277,217</u>	<u>\$ 170,225</u>	<u>\$ 1,738,451</u>	<u>\$ 1,908,676</u>	<u>\$ 427,652</u>	<u>\$ 9,613,545</u>

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

YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
REVENUES:						
Fees and rentals.....	\$ -	\$ -	\$ -	\$ -	\$ 1,950	\$ -
Licenses and permits.....	-	-	-	-	254,190	-
Intergovernmental.....	184,266	2,197,511	-	1,660,148	74,270	279,532
Departmental and other.....	542,219	-	1,431,409	-	1,616,254	-
Contributions.....	-	-	133,958	-	29,497	-
Investment income.....	-	-	-	15	323	-
TOTAL REVENUES.....	726,485	2,197,511	1,565,367	1,660,163	1,976,484	279,532
EXPENDITURES:						
Current:						
General government.....	-	-	-	56,616	626,975	-
Public safety.....	-	-	-	73,025	37,572	-
Education.....	731,848	2,321,020	1,662,152	-	-	-
Public works.....	-	-	-	241,534	415,613	100,616
Human services.....	-	-	-	64,778	95,637	-
Culture and recreation.....	-	-	-	10,916	398,185	-
TOTAL EXPENDITURES.....	731,848	2,321,020	1,662,152	446,869	1,573,982	100,616
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,363)	(123,509)	(96,785)	1,213,294	402,502	178,916
OTHER FINANCING SOURCES (USES):						
Capital lease financing.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	101,147	-
Transfers out.....	-	-	-	(44,631)	(271,897)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(44,631)	(170,750)	-
NET CHANGE IN FUND BALANCES.....	(5,363)	(123,509)	(96,785)	1,168,663	231,752	178,916
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR...	(2,645)	542,899	636,656	337,344	3,426,534	(174,563)
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ (8,008)	\$ 419,390	\$ 539,871	\$ 1,506,007	\$ 3,658,286	\$ 4,353

Special Revenue Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Title V Program	Subtotal	School Capital Projects	Town Capital Projects	Subtotal	Town Trust Fund	
\$ -	\$ 1,950	\$ -	\$ -	\$ -	\$ -	\$ 1,950
-	254,190	-	-	-	-	254,190
-	4,395,727	-	-	-	-	4,395,727
7,204	3,597,086	-	-	-	-	3,597,086
-	163,455	-	-	-	6,559	170,014
-	338	-	-	-	20,201	20,539
<u>7,204</u>	<u>8,412,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,760</u>	<u>8,439,506</u>
-	683,591	-	47,632	47,632	-	731,223
-	110,597	-	-	-	-	110,597
-	4,715,020	632,651	-	632,651	-	5,347,671
-	757,763	-	3,031,698	3,031,698	375	3,789,836
-	160,415	-	-	-	-	160,415
-	409,101	-	-	-	64,437	473,538
<u>-</u>	<u>6,836,487</u>	<u>632,651</u>	<u>3,079,330</u>	<u>3,711,981</u>	<u>64,812</u>	<u>10,613,280</u>
<u>7,204</u>	<u>1,576,259</u>	<u>(632,651)</u>	<u>(3,079,330)</u>	<u>(3,711,981)</u>	<u>(38,052)</u>	<u>(2,173,774)</u>
-	-	239,937	-	239,937	-	239,937
-	101,147	-	678,750	678,750	-	779,897
(6,858)	(323,386)	-	-	-	-	(323,386)
<u>(6,858)</u>	<u>(222,239)</u>	<u>239,937</u>	<u>678,750</u>	<u>918,687</u>	<u>-</u>	<u>696,448</u>
346	1,354,020	(392,714)	(2,400,580)	(2,793,294)	(38,052)	(1,477,326)
<u>38,140</u>	<u>4,804,365</u>	<u>256,188</u>	<u>3,111,631</u>	<u>3,367,819</u>	<u>457,169</u>	<u>8,629,353</u>
<u>\$ 38,486</u>	<u>\$ 6,158,385</u>	<u>\$ (136,526)</u>	<u>\$ 711,051</u>	<u>\$ 574,525</u>	<u>\$ 419,117</u>	<u>\$ 7,152,027</u>

Agency Fund

The Agency Fund is used to account for assets held in a purely custodial capacity. The Town's Agency Fund activity consists primarily of performance bonds, security deposits and fees collected on-behalf of other governments.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
<u>ASSETS</u>				
Cash and cash equivalents.....	\$ 784,092	\$ 301,256	\$ (173,106)	\$ 912,242
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>130,769</u>	<u>134,192</u>	<u>(130,769)</u>	<u>134,192</u>
TOTAL ASSETS.....	<u>\$ 914,861</u>	<u>\$ 435,448</u>	<u>(303,875)</u>	<u>\$ 1,046,434</u>
<u>LIABILITIES</u>				
Warrants payable.....	\$ 32,696	\$ 32,068	(32,696)	\$ 32,068
Liabilities due depositors.....	852,165	403,380	(271,179)	984,366
Other liabilities.....	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
TOTAL LIABILITIES.....	<u>\$ 914,861</u>	<u>\$ 435,448</u>	<u>(303,875)</u>	<u>\$ 1,046,434</u>

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Photo by Steve Jarzembowski. The Scituate Maritime & Irish Mossing Museum provides visitors with a look at the historical harvesting of seaweed, known as Irish moss, which was used in products of the day as a thickening agent. The museum also provides a look into the maritime history of the Town including shipwrecks which occurred in the area.

Statistical Section

Statistical Section

This part of the Town of Scituate's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the basic financial statements for the relevant year.

Net Position By Component

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets.....	\$ 44,056,178	\$ 48,248,391	\$ 49,183,701	\$ 49,384,451	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964
Restricted.....	2,722,428	428,511	496,936	18,242	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946
Unrestricted.....	16,163,351	16,574,115	16,031,337	17,329,409	13,013,951	27,219	1,208,526	413,970	(2,073,085)	(5,244,436)
Total governmental activities net position.....	\$ 62,941,957	\$ 65,251,017	\$ 65,711,974	\$ 66,732,102	\$ 62,653,917	\$ 63,658,270	\$ 63,298,355	\$ 64,965,347	\$ 63,308,767	\$ 62,878,474
Business-type activities										
Net investment in capital assets.....	\$ 25,382,034	\$ 29,855,119	\$ 29,353,547	\$ 35,825,501	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580
Restricted.....	-	-	-	2,405,520	4,352,481	-	-	-	-	-
Unrestricted.....	1,862,578	2,594,043	3,161,780	1,672,984	943,745	4,725,581	15,346,008	14,228,936	13,527,535	18,870,209
Total business-type activities net position.....	\$ 27,244,612	\$ 32,449,162	\$ 32,515,327	\$ 39,904,005	\$ 40,733,335	\$ 40,264,718	\$ 40,577,119	\$ 40,801,924	\$ 41,052,270	\$ 47,818,789
Primary government										
Net investment in capital assets.....	\$ 69,438,212	\$ 78,103,510	\$ 78,537,248	\$ 85,209,952	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544
Restricted.....	2,722,428	428,511	496,936	18,242	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946
Unrestricted.....	18,025,929	19,168,158	19,193,117	19,002,393	13,957,696	4,752,800	16,554,534	14,642,906	11,454,450	13,625,773
Total primary government net position.....	\$ 90,186,569	\$ 97,700,179	\$ 98,227,301	\$ 104,230,587	\$ 99,034,771	\$ 103,922,988	\$ 103,875,474	\$ 105,767,271	\$ 104,361,037	\$ 110,697,263

Source: Audited Financial Statements

Changes in Net Position

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government.....	\$ 2,091,455	\$ 2,229,601	\$ 1,406,392	\$ 1,720,578	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125
Public safety.....	7,262,192	7,197,557	7,560,671	7,610,879	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321
Education.....	25,849,444	29,132,313	28,924,141	33,878,524	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980
Public works.....	4,485,455	2,322,955	5,011,328	2,760,936	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895
Human services.....	446,662	576,284	550,253	663,160	640,542	646,098	929,568	948,776	1,125,471	1,212,812
Culture and recreation.....	581,731	2,146,084	1,421,847	1,634,520	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933
Pension and fringe benefits.....	8,869,120	9,834,205	11,284,278	12,886,060	17,687,715	-	-	-	-	-
State and county charges.....	511,860	412,750	452,904	440,570	519,199	-	-	-	-	-
Community Preservation.....	-	195,371	1,209,176	539,094	266,799	-	286,425	59,513	2,480	721,633
Interest.....	784,777	453,555	675,215	659,145	648,430	565,702	925,853	415,187	651,163	566,494
Total government activities expenses.....	50,882,696	54,500,675	58,496,205	62,793,466	70,822,661	68,997,236	71,285,608	73,886,621	77,418,565	81,114,193
Business-type activities:										
Water.....	1,996,012	2,079,348	2,042,407	2,382,885	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201
Sewer.....	2,531,702	2,594,068	2,860,336	3,059,799	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252
Transfer Station.....	1,121,205	1,042,306	1,161,043	1,120,254	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911
Golf.....	962,641	1,165,880	1,163,634	1,120,329	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694
Waterways.....	839,011	919,703	880,941	890,446	859,709	911,562	971,278	934,540	861,637	837,378
Total business-type activities expenses.....	7,450,571	7,801,305	8,108,361	8,573,713	8,614,108	9,048,002	8,931,004	8,524,913	8,278,148	7,600,436
Total primary government expenses.....	\$ 58,333,267	\$ 62,301,980	\$ 66,604,566	\$ 71,367,179	\$ 79,436,769	\$ 78,045,238	\$ 80,216,612	\$ 82,411,534	\$ 85,696,713	\$ 88,714,629
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 1,435,062	\$ 1,751,010	\$ 1,947,503	\$ 1,772,918	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243
Public works charges for services.....	123,135	59,019	54,642	55,561	40,441	1,385,721	21,373	132,668	497,826	590,965
Culture and recreation charges for services.....	283,291	313,666	434,139	439,177	455,492	588,397	392,099	429,036	408,533	401,894
Other charges for services.....	1,693,687	1,996,149	1,677,612	1,871,175	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181
Operating grants and contributions.....	9,711,335	11,017,046	12,620,858	14,028,181	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683
Capital grant and contributions.....	150,882	2,554,858	1,172,340	220,938	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565
Total government activities program revenues.....	13,397,392	17,691,738	17,907,094	18,387,950	20,134,342	23,120,244	21,179,380	22,882,624	21,279,589	23,386,531
Business-type activities:										
Charges for services - water.....	2,239,012	2,369,926	2,453,013	2,731,326	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697
Charges for services - sewer.....	1,096,238	1,881,442	1,294,322	1,077,791	2,385,755	1,602,906	1,643,983	1,682,559	1,778,510	1,732,988
Charges for services - transfer station.....	768,163	873,627	930,776	888,102	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259
Charges for services - golf.....	1,210,435	1,088,562	1,251,353	1,257,621	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170
Charges for services - waterways.....	824,505	875,340	877,634	872,831	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067
Operating grants and contributions.....	42,496	-	97,684	593,369	611,006	132,208	35,300	16,237	1,725	238,088
Capital grant and contributions.....	816,054	5,335,321	481,262	7,997,012	-	571,042	1,309,128	692,556	188,126	6,430,626
Total business-type activities program revenues.....	6,996,903	12,424,218	7,386,044	15,418,052	9,169,219	8,147,971	9,095,093	8,639,351	8,450,983	14,269,895
Total primary government program revenues.....	\$ 20,394,295	\$ 30,115,956	\$ 25,293,138	\$ 33,806,002	\$ 29,303,561	\$ 31,268,215	\$ 30,274,473	\$ 31,521,975	\$ 29,730,572	\$ 37,656,426
Net (Expense)/Revenue										
Governmental activities.....	\$ (37,485,304)	\$ (36,808,937)	\$ (40,589,111)	\$ (44,405,516)	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)
Business-type activities.....	(453,668)	4,622,913	(722,317)	6,844,339	555,111	(900,031)	164,089	114,438	172,835	6,669,459
Total primary government net expense.....	\$ (37,938,972)	\$ (32,186,024)	\$ (41,311,428)	\$ (37,561,177)	\$ (50,133,208)	\$ (46,777,023)	\$ (49,942,139)	\$ (50,889,559)	\$ (55,966,141)	\$ (51,058,203)
General Revenues and other										
Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 32,941,320	\$ 33,871,997	\$ 35,745,001	\$ 40,030,120	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148
Motor vehicle and other excise taxes.....	2,355,046	2,567,186	2,293,988	2,282,228	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956
Community preservation taxes.....	-	-	-	-	-	-	992,107	1,070,846	1,105,543	1,158,916
Penalties and interest on taxes.....	-	-	-	-	413,014	367,174	465,049	535,272	447,439	640,163
Grants and contributions not restricted to specific programs.....	2,552,344	2,268,155	2,512,898	2,654,850	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158
Unrestricted investment income.....	429,716	678,865	1,070,123	717,397	339,229	188,874	102,462	74,257	55,527	88,567
Gain on sale of capital assets.....	-	-	-	-	-	-	32,277	32,690	-	-
Miscellaneous.....	-	313,431	216,540	285,388	3,441	-	219,218	284,355	576,098	679,700
Transfers.....	(550,799)	(581,637)	(788,482)	(544,339)	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)
Total governmental activities.....	37,727,627	39,117,997	41,050,068	45,425,644	46,610,134	46,724,820	49,446,573	52,670,989	54,482,396	57,297,369
Business-type activities:										
Boat excise taxes.....	n/a	n/a	n/a	n/a	n/a	n/a	43,153	41,136	36,042	39,821
Transfers.....	550,799	581,637	788,482	544,339	274,219	249,436	105,159	69,231	41,469	57,239
Total business-type activities.....	550,799	581,637	788,482	544,339	274,219	249,436	148,312	110,367	77,511	97,060
Total primary government	\$ 38,278,426	\$ 39,699,634	\$ 41,838,550	\$ 45,969,983	\$ 46,884,353	\$ 46,974,256	\$ 49,594,885	\$ 52,781,356	\$ 54,559,907	\$ 57,394,429
Changes in Net Position										
Governmental activities.....	\$ 242,323	\$ 2,309,060	\$ 460,957	\$ 1,020,128	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)
Business-type activities.....	97,131	5,204,550	66,165	7,388,678	829,330	(650,595)	312,401	224,805	250,346	6,766,519
Total primary government.....	\$ 339,454	\$ 7,513,610	\$ 527,122	\$ 8,408,806	\$ (3,248,855)	\$ 197,233	\$ (347,254)	\$ 1,891,797	\$ (1,406,234)	\$ 6,336,226

n/a = Boat excise taxes prior to 2011 are not available.
Source: Audited Financial Statements

Fund Balances, Governmental Funds

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved.....	\$ 2,475,020	\$ 2,067,450	\$ 2,286,908	\$ 1,592,931	\$ 979,933	\$ 1,961,484	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,346,593	1,707,620	1,187,179	534,398	626,910	1,715,555	-	-	-	-
Restricted.....	-	-	-	-	-	-	86,767	86,767	454,518	530,298
Committed.....	-	-	-	-	-	-	-	327,128	959,038	1,936,899
Assigned.....	-	-	-	-	-	-	1,260,786	1,255,617	1,308,703	1,025,883
Unassigned.....	-	-	-	-	-	-	5,276,801	6,863,867	6,645,152	6,966,806
Total general fund.....	\$ 3,821,613	\$ 3,775,070	\$ 3,474,087	\$ 2,127,329	\$ 1,606,843	\$ 3,677,039	\$ 6,624,354	\$ 8,533,379	\$ 9,367,411	\$ 10,459,886
All Other Governmental Funds										
Reserved.....	\$ 10,058,577	\$ 11,128,489	\$ 10,601,464	\$ 10,938,194	\$ 11,732,402	\$ 9,362,759	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	1,741,734	1,178,947	1,408,045	2,977,148	2,325,982	2,841,657	-	-	-	-
Capital projects funds.....	(5,708,685)	(809,858)	(2,910,213)	(594,121)	(1,415,510)	(1,661,998)	-	-	-	-
Permanent funds.....	1,414,794	1,238,369	496,936	612,363	1,216,002	402,398	-	-	-	-
Nonspendable.....	-	-	-	-	-	-	27,051	27,051	27,051	27,051
Restricted.....	-	-	-	-	-	-	11,925,417	14,708,235	17,065,311	15,336,177
Unassigned.....	-	-	-	-	-	-	-	(851,672)	(177,208)	(144,534)
Total all other governmental funds.....	\$ 7,506,420	\$ 12,735,947	\$ 9,596,232	\$ 13,933,584	\$ 13,858,876	\$ 10,944,816	\$ 11,952,468	\$ 13,883,614	\$ 16,915,154	\$ 15,218,694

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

Last Ten Years

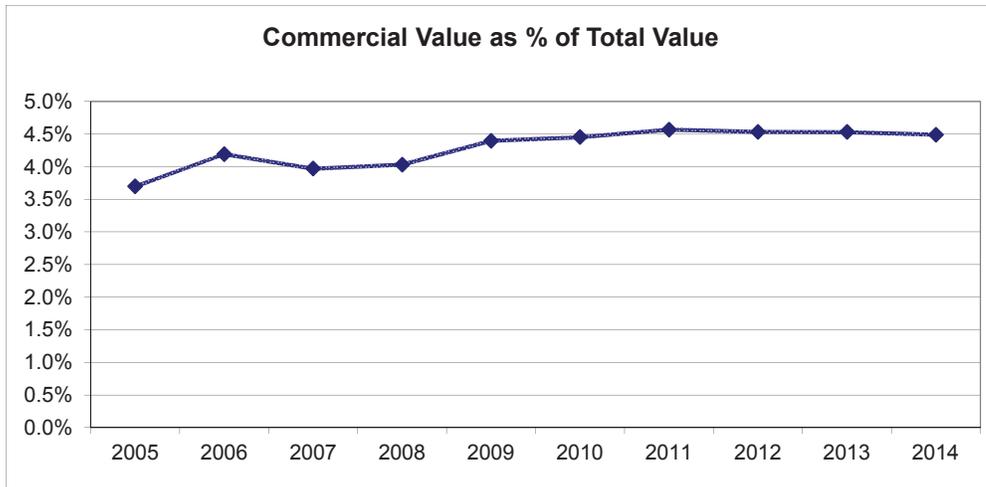
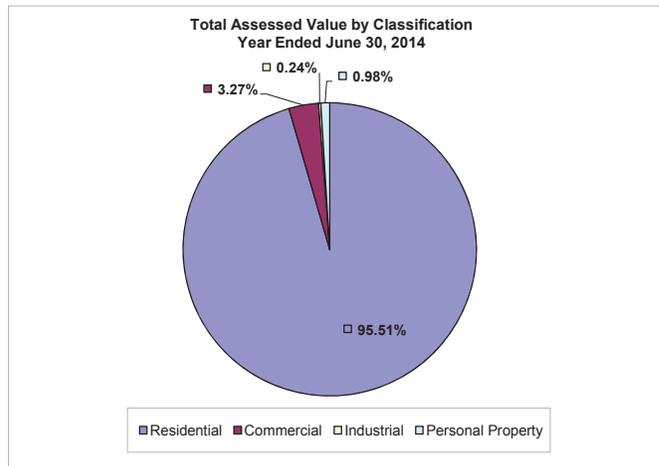
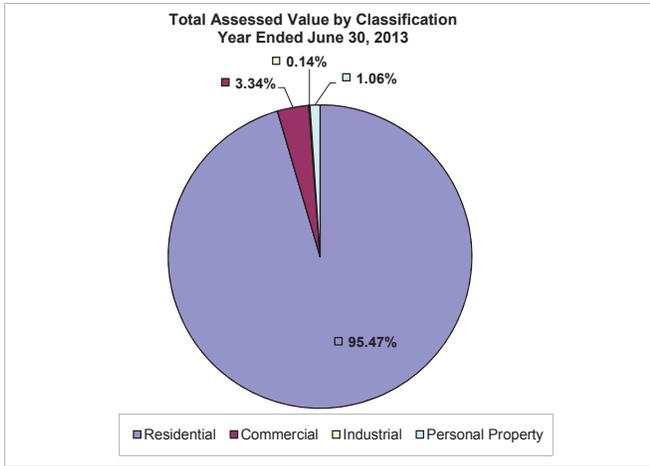
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 31,527,660	\$ 32,899,751	\$ 34,753,273	\$ 38,310,697	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979
Motor vehicle and other excise taxes.....	2,415,552	2,626,191	2,336,044	2,325,182	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763
Penalties and interest.....	294,937	291,766	231,409	295,176	413,014	367,174	420,610	498,556	351,965	403,063
Fees.....	-	-	-	-	-	139,064	197,399	204,034	1,338,592	419,408
Licenses and permits.....	-	707,771	580,033	697,481	490,717	515,326	707,500	715,175	880,443	812,414
Fines and forfeitures.....	115,858	79,617	73,586	67,496	80,288	131,502	103,033	80,716	95,779	99,660
Intergovernmental.....	27,207,152	20,433,508	16,134,771	16,602,433	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358
Departmental and other.....	3,543,832	3,534,833	3,460,708	3,305,664	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874
Community Preservation surtax.....	729,797	790,495	840,630	935,660	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312
Contributions.....	214,945	407,803	171,325	301,536	449,298	434,265	145,106	122,159	197,296	170,014
Investment income.....	427,954	678,856	1,070,123	717,396	367,970	188,874	123,988	91,962	76,516	110,983
Total Revenues.....	66,477,687	62,450,591	59,651,902	63,558,721	67,126,530	70,375,039	70,179,223	76,054,996	75,592,664	80,276,828
Expenditures:										
General government.....	2,074,317	2,222,618	2,059,034	2,254,091	2,979,441	4,725,393	3,429,776	3,327,927	2,771,675	3,272,671
Public safety.....	7,294,465	7,357,581	7,448,082	7,711,551	7,502,617	7,269,292	7,288,645	8,309,063	8,404,591	8,182,628
Education.....	26,543,538	28,575,024	29,633,735	34,158,677	32,660,421	31,965,248	32,850,453	37,050,312	36,361,663	37,757,488
Public works.....	4,350,017	4,627,272	5,628,138	3,592,402	4,885,712	5,487,621	4,179,529	4,012,096	5,732,789	7,752,748
Human services.....	-	-	-	654,433	668,375	492,225	490,552	554,189	618,433	712,977
Culture and recreation.....	1,657,955	2,640,655	3,111,747	1,657,153	1,813,187	2,226,679	1,539,837	1,425,568	1,494,656	1,533,887
Community preservation.....	370,457	195,371	1,209,176	539,095	266,799	1,386,130	1,670,961	769,314	597,218	2,171,859
Pension benefits.....	-	-	-	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	11,179,729
Employee benefits.....	8,914,083	9,920,989	11,249,825	12,812,347	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426
State and county charges.....	511,860	412,750	452,904	440,570	519,199	547,726	520,678	472,015	445,762	476,139
Debt service:										
Principal.....	941,755	733,710	854,287	879,114	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879
Interest.....	-	-	657,190	662,856	663,957	692,885	771,919	579,727	488,798	584,080
Total Expenditures.....	52,658,447	56,685,970	62,304,118	65,362,289	67,447,506	70,969,457	69,812,951	74,023,095	75,088,623	81,063,511
Excess (deficiency) of revenues over (under) expenditures.....	<u>13,819,240</u>	<u>5,764,621</u>	<u>(2,652,216)</u>	<u>(1,803,568)</u>	<u>(320,976)</u>	<u>(594,418)</u>	<u>366,272</u>	<u>2,031,901</u>	<u>504,041</u>	<u>(786,683)</u>
Other Financing Sources (Uses):										
Proceeds from bonds and notes.....	12,279,000	-	-	5,338,500	-	-	3,245,470	1,859,021	3,403,000	-
Premium from issuance of bonds and notes.....	-	-	-	-	-	-	148,644	18,480	-	-
Capital lease financing.....	-	-	-	-	-	-	-	-	-	239,937
Transfers in.....	791,780	6,030,338	1,744,587	1,594,015	700,000	-	1,691,667	932,770	940,174	1,814,552
Transfers out.....	(1,342,579)	(6,611,975)	(2,533,069)	(2,138,353)	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)
Total other financing sources (uses).....	11,728,201	(581,637)	(788,482)	4,794,162	(274,218)	3,365,070	3,288,955	1,808,270	3,361,531	182,698
Net change in fund balance.....	\$ 25,547,441	\$ 5,182,984	\$ (3,440,698)	\$ 2,990,594	\$ (595,194)	\$ 2,770,652	\$ 3,655,227	\$ 3,840,171	\$ 3,865,572	\$ (603,985)
Debt service as a percentage of noncapital expenditures.....	1.79%	1.29%	2.43%	2.36%	3.47%	3.07%	3.20%	2.77%	2.53%	3.15%

Notes:

Prior to 2010, the Town reported fees with departmental and other revenues.
 Prior to 2006, the Town reported licenses and permits with departmental and other revenue.
 Prior to 2008, the Town reported human services expenditures with culture and recreation.
 Prior to 2010, the Town reported pension benefits with employee benefits.
 Prior to 2007, the Town reported debt service interest and principal expenditures as a single line item.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2005	\$3,226,317,405	\$9.48	\$92,830,705	\$5,449,700	\$25,682,030	\$123,962,435	\$9.48	3.7%	\$ 9.48	\$3,350,279,840
2006 (1)	\$3,877,915,021	\$8.16	\$133,491,729	\$5,901,300	\$30,352,170	\$169,745,199	\$8.16	4.2%	\$ 8.16	\$4,047,660,220
2007	\$4,049,283,488	\$8.31	\$130,959,842	\$6,048,900	\$30,498,320	\$167,507,062	\$8.31	4.0%	\$ 8.31	\$4,216,790,550
2008	\$4,072,204,708	\$9.22	\$131,446,292	\$5,877,500	\$33,776,310	\$171,100,102	\$9.22	4.0%	\$ 9.22	\$4,243,304,810
2009 (1)	\$4,029,488,420	\$9.68	\$138,848,190	\$6,152,800	\$40,416,000	\$185,416,990	\$9.68	4.4%	\$ 9.68	\$4,214,905,410
2010	\$3,804,980,088	\$10.56	\$130,039,832	\$5,585,400	\$41,772,270	\$177,397,502	\$10.56	4.5%	\$ 10.56	\$3,982,377,590
2011	\$3,675,696,207	\$11.25	\$127,662,193	\$5,585,400	\$42,758,110	\$176,005,703	\$11.25	4.6%	\$ 11.25	\$3,851,701,910
2012 (1)	\$3,610,700,846	\$12.34	\$127,007,544	\$5,181,100	\$39,308,800	\$171,497,444	\$12.34	4.5%	\$ 12.34	\$3,782,198,290
2013	\$3,608,700,390	\$12.20	\$126,075,000	\$5,181,100	\$40,087,220	\$171,343,320	\$12.20	4.5%	\$ 12.20	\$3,780,043,710
2014	\$3,654,706,380	\$13.05	\$125,105,420	\$9,112,700	\$37,686,890	\$171,905,010	\$13.05	4.5%	\$ 13.05	\$3,826,611,390



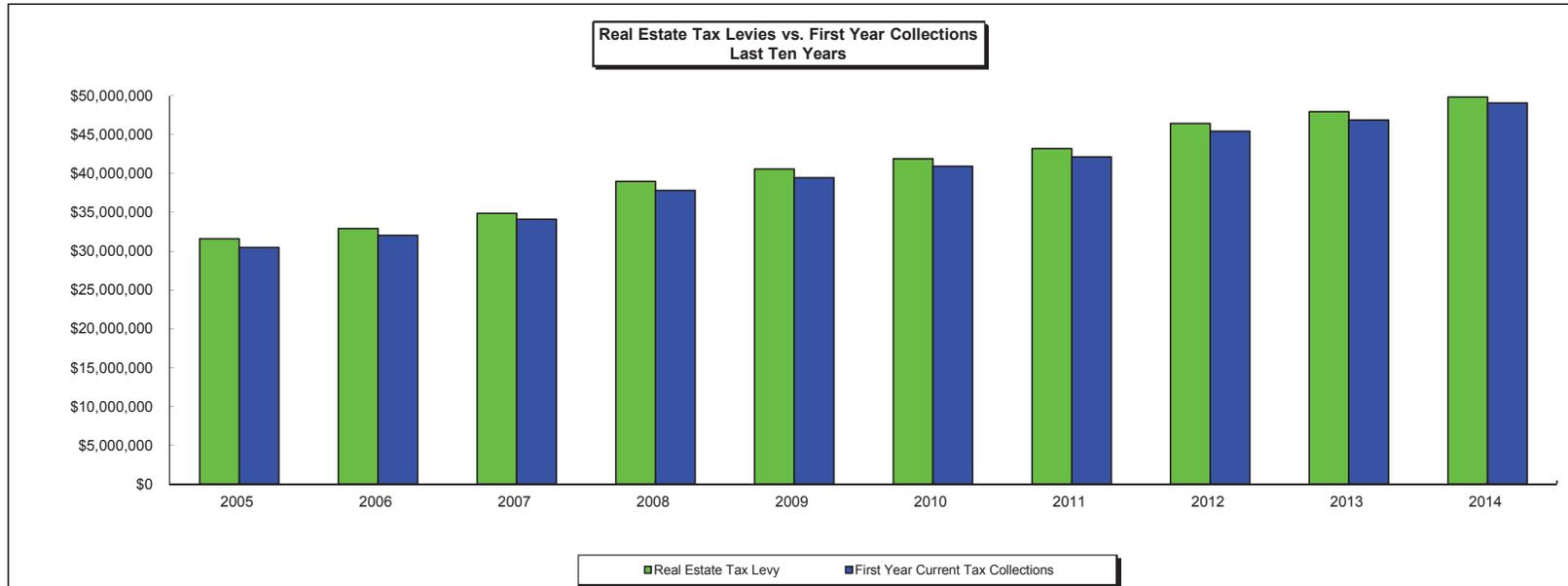
(1) Revaluation year.
 Source: Assessor's Department, Town of Scituate, Department of Revenue records and Official Statements.
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2005	\$31,760,653	\$188,791	\$31,571,862	99.41%	\$30,477,980	96.54%	\$444,557	\$30,922,537	97.94%
2006 (1)	\$33,028,907	\$115,643	\$32,913,264	99.65%	\$32,012,707	97.26%	\$435,972	\$32,448,679	98.59%
2007	\$35,041,529	\$166,938	\$34,874,591	99.52%	\$34,096,596	97.77%	\$531,195	\$34,627,791	99.29%
2008	\$39,123,270	\$141,118	\$38,982,152	99.64%	\$37,823,804	97.03%	\$739,620	\$38,563,424	98.93%
2009 (1)	\$40,800,384	\$249,897	\$40,550,487	99.39%	\$39,438,104	97.26%	\$564,340	\$40,002,444	98.65%
2010	\$42,053,907	\$152,088	\$41,901,819	99.64%	\$40,930,180	97.68%	\$489,615	\$41,419,795	98.85%
2011	\$43,334,646	\$115,758	\$43,218,888	99.73%	\$42,119,403	97.46%	\$400,032	\$42,519,435	98.38%
2012 (1)	\$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013	\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$551,114	\$47,433,694	98.95%
2014	\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$0	\$49,062,343	98.47%



(1) Revaluation year.

Source: Assessor's Department and Official Statements, Town of Scituate

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	18,779	\$ 735,060,000	\$ 3,350,279,840	\$13,026,898	\$694	1.77%	0.39%
2006	18,219	\$ 793,737,000	\$ 4,047,660,220	\$12,654,998	\$695	1.59%	0.31%
2007	18,319	\$ 837,398,000	\$ 4,216,790,550	\$11,800,711	\$644	1.41%	0.28%
2008	18,538	\$ 811,816,000	\$ 4,243,304,810	\$16,260,097	\$877	2.00%	0.38%
2009	18,313	\$ 763,419,000	\$ 4,214,905,410	\$14,585,568	\$796	1.91%	0.35%
2010	18,297	\$ 819,169,000	\$ 3,982,377,590	\$16,829,570	\$920	2.05%	0.42%
2011	17,985	\$ 869,098,000	\$ 3,851,701,910	\$14,878,322	\$827	1.71%	0.39%
2012	18,234	\$ 902,123,724	\$ 3,782,198,290	\$15,263,015	\$837	1.69%	0.40%
2013	18,648	\$ 936,404,426	\$ 3,780,043,710	\$17,252,157	\$925	1.84%	0.46%
2014	18,648	\$ 971,987,794	\$ 3,826,611,390	\$15,484,278	\$830	1.59%	0.40%

Year	Business-Type Activities	Total Primary Government			
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	\$ 31,621,796	\$44,648,694	\$2,378	6.07%	1.33%
2006	\$ 34,444,242	\$47,099,240	\$2,585	5.93%	1.16%
2007	\$ 32,174,920	\$43,975,631	\$2,401	5.25%	1.04%
2008	\$ 31,580,104	\$47,840,201	\$2,581	5.89%	1.13%
2009	\$ 29,467,207	\$44,052,775	\$2,406	5.77%	1.05%
2010	\$ 30,117,542	\$46,947,112	\$2,566	5.73%	1.18%
2011	\$ 31,721,353	\$46,599,675	\$2,591	5.36%	1.21%
2012	\$ 30,443,774	\$45,706,789	\$2,507	5.07%	1.21%
2013	\$ 33,747,274	\$50,999,431	\$2,735	5.45%	1.35%
2014	\$ 30,557,908	\$46,042,186	\$2,469	4.74%	1.20%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

<u>Town of Scituate, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Debt repaid with property taxes:			
Plymouth County.....\$	2,750,000	6.76%	\$ 185,900
Massachusetts Bay Transportation Authority.....	5,353,552,372	0.076%	4,068,700
South Shore Regional Vocational Technical School District (SSRSD).....	920,000	5.52%	<u>50,784</u>
Estimated share of overlapping debt.....			<u>4,305,384</u>
Town direct debt.....			<u>15,484,278</u>
Total direct and overlapping debt.....			<u>\$ 19,789,662</u>

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Plymouth County Treasurer, SSRSD & Official statements

(1) County expenses, including debt service, are assessed upon the Towns within the County in proportion to their taxable valuation.

Computation of Legal Debt Margin

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Equalized Valuation.....	\$ 3,388,379,600	\$ 4,327,989,400	\$ 4,327,989,400	\$ 4,575,033,600	\$ 4,575,033,600	\$ 4,326,753,800	\$ 4,326,753,800	\$ 4,137,906,200	\$ 4,137,906,200	\$ 4,103,767,600
Debt Limit -5% of Equalized Valuation.....	\$ 169,418,980	\$ 216,399,470	\$ 216,399,470	\$ 228,751,680	\$ 228,751,680	\$ 216,337,690	\$ 216,337,690	\$ 206,895,310	\$ 206,895,310	\$ 205,188,380
Less:										
Outstanding debt applicable to limit.....	34,648,694	47,099,740	43,975,631	47,840,201	44,052,776	40,378,637	46,445,430	42,612,765	50,875,921	45,932,919
Authorized and unissued debt.....	34,869,034	20,344,045	16,108,555	10,168,525	20,793,525	25,765,797	18,003,396	18,198,557	6,072,096	42,539,578
Legal debt margin.....	\$ 99,901,252	\$ 148,955,685	\$ 156,315,284	\$ 170,742,954	\$ 163,905,379	\$ 150,193,256	\$ 151,888,864	\$ 146,083,988	\$ 149,947,293	\$ 116,715,883
Total debt applicable to the limit as a percentage of the limit.....	41.03%	31.17%	27.77%	25.36%	28.35%	30.57%	29.79%	29.39%	27.53%	43.12%

Source: Town Accountant's Office, Town of Scituate

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	18,779	\$ 735,060,000	\$ 40,649	45	3,223	3.60%
2006	18,219	\$ 793,737,000	\$ 44,390	45	3,256	3.90%
2007	18,319	\$ 837,398,000	\$ 46,714	45	3,218	3.70%
2008	18,538	\$ 811,816,000	\$ 44,369	45	3,440	5.10%
2009	18,313	\$ 763,419,000	\$ 42,101	45	3,247	6.70%
2010	18,297	\$ 819,169,000	\$ 45,176	45	3,277	7.00%
2011	17,985	\$ 869,098,000	\$ 47,824	45	3,286	5.70%
2012	18,234	\$ 902,123,724	\$ 49,475	45	3,276	5.30%
2013	18,648	\$ 936,404,426	\$ 50,215	45	3,286	5.70%
2014	18,648	\$ 971,987,794	\$ 52,123	45	3,122	5.20%

Source: U. S. Census, Division of Local Services & Official Statements
 Median age is based on most recent census data

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Scituate	Municipal Government	776	1	8.11%	620	1	6.47%
Life Care Center	Nursing Home	135	2	1.41%	185	2	1.93%
Scituate Marketplace	Supermarket	120	3	1.25%	100	3	1.04%
Total		<u>1,031</u>		<u>10.77%</u>	<u>905</u>		<u>9.44%</u>

The Town is reporting all employers with more than 100 employees.

Employees for the Town of Scituate includes all classes of employees, not just FTE's.

Source: Massachusetts Workplace Development Agency, Official Statements & the Town's personnel and department records.

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function										
General government.....	27	27	27	26	26	26	26	28	28	30
Police.....	37	39	38	38	38	35	35	33	33	33
Fire.....	60	56	56	55	57	53	52	53	53	53
Education.....	477	484	486	402	412	388	365	376	379	396
Water.....	12	11	12	11	13	12	11	12	12	12
Sewer.....	8	8	7	7	9	7	8	8	8	8
Solid waste.....	5	5	5	5	4	4	4	4	4	4
Public works.....	26	24	26	25	28	25	24	25	25	23
Human services.....	8	8	8	8	8	7	7	8	8	8
Culture and recreation.....	17	22	21	26	25	24	24	23	23	23
Total	<u>675</u>	<u>682</u>	<u>684</u>	<u>602</u>	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Population.....	18,779	18,219	18,319	18,538	18,313	18,297	17,985	18,234	18,648	18,648
Registered voters, annual town election.....	13,043	12,680	12,806	12,680	13,121	12,924	13,048	13,827	13,941	13,961
Town Clerk										
Births.....	151	144	137	126	131	140	145	167	161	152
Marriages.....	72	61	67	59	68	49	54	74	78	70
Deaths.....	186	193	181	185	193	200	219	176	167	174
Police										
MV Accidents investigated by an officer.....	265	275	279	211	211	199	232	251	232	252
Citations issued.....	1,073	819	733	927	1,206	903	851	712	808	904
Arrests.....	297	368	338	280	411	395	382	285	290	314
Total Incidents.....	15,199	15,076	14,123	14,374	14,554	14,688	14,852	14,268	16,480	17,850
Fire										
Permits/certificate issued.....	1,794	1,802	1,569	1,487	1,175	1,015	1,015	942	1,289	1,228
False alarm.....	218	194	228	250	256	290	333	292	342	325
Fires.....	114	96	99	92	68	104	75	118	82	88
Rescue/EMS incidents.....	1,711	1,741	1,717	1,810	1,823	1,928	1,895	1,823	1,981	1,925
Total Incidents.....	2,702	2,741	2,633	2,755	2,735	2,846	2,986	2,928	3,256	2,963
Building Department										
Building permits issued.....	835	874	775	629	625	604	797	789	869	822
Gas & Plumbing permits issued.....	894	943	694	694	654	688	763	785	1,098	1,046
Electrical permits issued.....	687	730	613	594	540	554	589	606	814	844
Education										
Public school enrollment.....	3,223	3,256	3,218	3,440	3,247	3,277	3,286	3,276	3,286	3,122
High school graduates.....	221	199	188	231	189	174	175	208	206	185
Public Works										
Water										
Service connections.....	7,348	7,445	7,473	7,503	7,541	7,573	7,624	7,641	7,636	7,659
Consumption in millions of gallons.....	540	623	594	648	679	638	549	516	545	552
Daily consumption in millions of gallons.....	1.48	1.71	1.63	1.78	1.86	1.75	1.50	1.41	1.49	1.51
Highway										
Miles of public road.....	100	100	100	100	101	101	101	101	101	101
Human Services										
Board of Health										
Inspections.....	692	732	791	577	527	609	612	549	549	590
Sewage Permits.....	173	374	225	149	120	99	106	85	85	69
Council on Aging										
Total Rides	30,552	16,432	12,808	7,330	6,406	6,406	6,757	6,860	6,845	
Library										
Circulation.....	223,955	235,034	237,628	256,930	285,866	273,484	279,607	262,136	250,194	236,357
Visitors.....	97,155	101,032	109,337	115,411	126,952	140,155	155,544	153,247	138,640	14,109
Volunteer hours of service.....	758	820	1,101	652	717	1,872	1,673	1,369	1,178	770

Source: Various Town Departments & annual reports

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>
General Government									
Number of buildings.....	1	1	1	1	1	1	1	1	1
Police									
Number of stations.....	1	1	1	1	1	1	1	1	1
Fire									
Number of stations.....	3	3	3	3	3	3	3	3	3
Education									
Number of elementary schools.....	4	4	4	4	4	4	4	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1
Public Works									
Number of wells.....	6	6	6	6	6	6	6	6	6
Number of water storage tanks.....	2	2	2	2	2	2	2	2	2
Number of pump stations.....	2	2	2	2	2	2	2	2	2
Human Services									
Senior center.....	1	1	1	1	1	1	1	1	1
Culture and Recreation									
Maritime Center.....	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1
Scituate Harbor Community Bldg.....						1	1	1	1

Source: Various Town Departments



At the November 2013 special town meeting, the Town approved a debt exclusion of \$12M to renovate the Scituate Town Library located at 85 Branch Street. The cost will be offset by a \$5M construction grant from the Massachusetts Library Building Commissioners and private donations.

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(Date of Delivery)

Pamela J. Avitabile, Treasurer
Town of Scituate
Scituate, Massachusetts

\$86,863,000
Town of Scituate, Massachusetts
General Obligation Municipal Purpose Loan of 2015 Bonds
Dated June 29, 2015

We have acted as bond counsel to the Town of Scituate, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon

be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

AM 50560567.1

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Scituate, Massachusetts (the “Issuer”) in connection with the issuance of its \$86,863,000 General Obligation Municipal Purpose Loan of 2015 Bonds dated June 29, 2015 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated June 10, 2015 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June 29, 2015

TOWN OF SCITUATE,
MASSACHUSETTS

By _____
Treasurer

Selectmen

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

AM 50574692.1