

# 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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**600 CHIEF JUSTICE CUSHING HIGHWAY**  
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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.

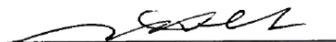
## Acknowledgements

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

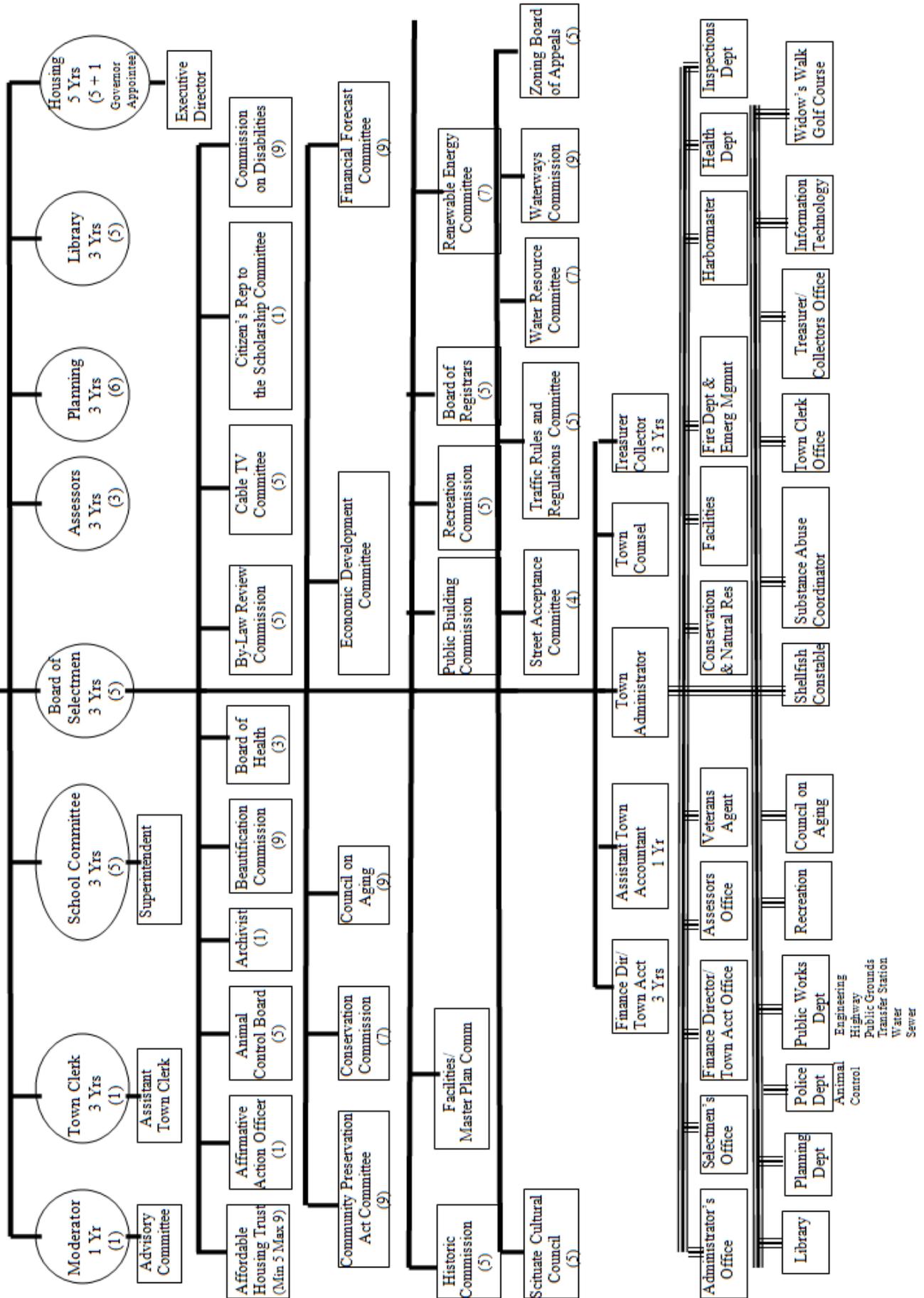
## Principal Executive Officers

<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
<b><u>Appointed Officials</u></b>		
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



Voters



# *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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## 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.

*Powers & Sullivan LLC*

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**

	<b>2014</b>	<b>2013</b>
<b>Assets:</b>		
Current assets.....	\$ 32,716,432	\$ 32,457,083
Capital assets.....	73,093,965	70,444,791
Total assets.....	<b>105,810,397</b>	<b>102,901,874</b>
<b>Liabilities:</b>		
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.....	<b>42,931,923</b>	<b>39,593,107</b>
<b>Net Position:</b>		
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.....	<b>\$ 62,878,474</b>	<b>\$ 63,308,767</b>

	<u>2014</u>	<u>2013</u>
<b>Program revenues:</b>		
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
<b>General Revenues:</b>		
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>
<b>Expenses:</b>		
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>
<b>Excess (deficiency) before transfers.....</b>	<b>(373,054)</b>	<b>(1,615,111)</b>
<b>Transfers.....</b>	<b><u>(57,239)</u></b>	<b><u>(41,469)</u></b>
<b>Change in net position.....</b>	<b>(430,293)</b>	<b>(1,656,580)</b>
<b>Beginning net position.....</b>	<b><u>63,308,767</u></b>	<b><u>64,965,347</u></b>
<b>Ending net position.....</b>	<b>\$ <u><u>62,878,474</u></u></b>	<b>\$ <u><u>63,308,767</u></u></b>

## Business-type Activities

Condensed financial data for 2014 and 2013 is presented below.

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Current assets.....	\$ 17,011,076	\$ 10,128,983
Noncurrent assets (excluding capital).....	12,198,777	8,257,816
Capital assets.....	<u>60,626,313</u>	<u>60,096,194</u>
Total assets.....	<b>89,836,166</b>	<b>78,482,993</b>
<b>Liabilities:</b>		
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.....	<u>27,456,141</u>	<u>30,557,908</u>
Total liabilities.....	<b>42,017,377</b>	<b>37,430,723</b>
<b>Net Position:</b>		
Net investment in capital assets.....	28,948,580	27,524,735
Unrestricted.....	<u>18,870,209</u>	<u>13,527,535</u>
Total net position.....	<b>\$ 47,818,789</b>	<b>\$ 41,052,270</b>
<b>Program revenues:</b>		
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
<b>General Revenues:</b>		
Excise taxes.....	<u>39,821</u>	<u>36,043</u>
Total revenues.....	<b>14,309,716</b>	<b>8,487,025</b>
<b>Expenses:</b>		
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.....	<u>837,378</u>	<u>861,637</u>
Total expenses.....	<b>7,600,436</b>	<b>8,278,148</b>
<b>Excess (deficiency) before transfers.....</b>	<b>6,709,280</b>	<b>208,877</b>
<b>Transfers.....</b>	<b><u>57,239</u></b>	<b><u>41,469</u></b>
<b>Change in net position.....</b>	<b>6,766,519</b>	<b>250,346</b>
<b>Beginning net position.....</b>	<b><u>41,052,270</u></b>	<b><u>40,801,924</u></b>
<b>Ending net position.....</b>	<b>\$ <u>47,818,789</u></b>	<b>\$ <u>41,052,270</u></b>

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:

<b>Net Position:</b>	<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.

# ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2014

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
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
<b>NONCURRENT:</b>			
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
<b>TOTAL ASSETS.....</b>	<b>105,810,397</b>	<b>89,836,166</b>	<b>195,646,563</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
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
<b>NONCURRENT:</b>			
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
<b>TOTAL LIABILITIES.....</b>	<b>42,931,923</b>	<b>42,017,377</b>	<b>84,949,300</b>
<b>NET POSITION</b>			
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
<b>TOTAL NET POSITION.....</b>	<b>\$ 62,878,474</b>	<b>\$ 47,818,789</b>	<b>\$ 110,697,263</b>

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	
<b>Primary Government:</b>					
<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)
<b>Total Governmental Activities.....</b>	<b>81,114,193</b>	<b>5,092,283</b>	<b>16,949,683</b>	<b>1,344,565</b>	<b>(57,727,662)</b>
<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
<b>Total Business-Type Activities.....</b>	<b>7,600,436</b>	<b>7,601,181</b>	<b>238,088</b>	<b>6,430,626</b>	<b>6,669,459</b>
<b>Total Primary Government.....</b>	<b>\$ 88,714,629</b>	<b>\$ 12,693,464</b>	<b>\$ 17,187,771</b>	<b>\$ 7,775,191</b>	<b>\$ (51,058,203)</b>

(Continued)

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<u><b>(57,727,662)</b></u>	<u><b>6,669,459</b></u>	<u><b>(51,058,203)</b></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
<b>ASSETS</b>					
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
<b>TOTAL ASSETS.....</b>	<b>\$ 15,171,195</b>	<b>\$ 7,201,819</b>	<b>\$ 989,293</b>	<b>\$ 9,613,545</b>	<b>\$ 32,975,852</b>
<b>LIABILITIES</b>					
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
<b>TOTAL LIABILITIES.....</b>	<b>2,006,076</b>	<b>87,931</b>	<b>-</b>	<b>1,831,004</b>	<b>3,925,011</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	2,705,233	36,514	-	630,514	3,372,261
<b>FUND BALANCES</b>					
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
<b>TOTAL FUND BALANCES.....</b>	<b>10,459,886</b>	<b>7,077,374</b>	<b>989,293</b>	<b>7,152,027</b>	<b>25,678,580</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 15,171,195</b>	<b>\$ 7,201,819</b>	<b>\$ 989,293</b>	<b>\$ 9,613,545</b>	<b>\$ 32,975,852</b>

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
<b>REVENUES:</b>					
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
<b>TOTAL REVENUES.....</b>	<b>69,879,260</b>	<b>1,956,169</b>	<b>1,893</b>	<b>8,439,506</b>	<b>80,276,828</b>
<b>EXPENDITURES:</b>					
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
<b>TOTAL EXPENDITURES.....</b>	<b>68,273,035</b>	<b>2,171,859</b>	<b>5,337</b>	<b>10,613,280</b>	<b>81,063,511</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>1,606,225</b>	<b>(215,690)</b>	<b>(3,444)</b>	<b>(2,173,774)</b>	<b>(786,683)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
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)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(513,750)</b>	<b>-</b>	<b>-</b>	<b>696,448</b>	<b>182,698</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,092,475</b>	<b>(215,690)</b>	<b>(3,444)</b>	<b>(1,477,326)</b>	<b>(603,985)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>9,367,411</b>	<b>7,293,064</b>	<b>992,737</b>	<b>8,629,353</b>	<b>26,282,565</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 10,459,886</b>	<b>\$ 7,077,374</b>	<b>\$ 989,293</b>	<b>\$ 7,152,027</b>	<b>\$ 25,678,580</b>

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>\$ (430,293)</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
<b>ASSETS</b>						
<b>CURRENT:</b>						
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.....	<u>9,661,334</u>	<u>4,943,761</u>	<u>933,870</u>	<u>176,399</u>	<u>1,295,712</u>	<u>17,011,076</u>
<b>NONCURRENT:</b>						
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.....	<u>14,670,856</u>	<u>48,233,103</u>	<u>1,463,731</u>	<u>2,134,422</u>	<u>6,322,978</u>	<u>72,825,090</u>
<b>TOTAL ASSETS.....</b>	<u><b>24,332,190</b></u>	<u><b>53,176,864</b></u>	<u><b>2,397,601</b></u>	<u><b>2,310,821</b></u>	<u><b>7,618,690</b></u>	<u><b>89,836,166</b></u>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
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.....	<u>8,890,587</u>	<u>2,620,242</u>	<u>214,198</u>	<u>509,315</u>	<u>401,765</u>	<u>12,636,107</u>
<b>NONCURRENT:</b>						
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.....	<u>4,685,739</u>	<u>19,281,539</u>	<u>1,691,130</u>	<u>831,428</u>	<u>2,891,434</u>	<u>29,381,270</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>13,576,326</b></u>	<u><b>21,901,781</b></u>	<u><b>1,905,328</b></u>	<u><b>1,340,743</b></u>	<u><b>3,293,199</b></u>	<u><b>42,017,377</b></u>
<b>NET POSITION</b>						
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
<b>TOTAL NET POSITION..... \$</b>	<u><b>10,755,864</b></u>	<u><b>31,275,083</b></u>	<u><b>492,273</b></u>	<u><b>970,078</b></u>	<u><b>4,325,491</b></u>	<u><b>47,818,789</b></u>

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
<b>OPERATING REVENUES:</b>						
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
<b>TOTAL OPERATING REVENUES .....</b>	<b>2,391,439</b>	<b>1,413,513</b>	<b>1,199,118</b>	<b>1,209,070</b>	<b>1,032,790</b>	<b>7,245,930</b>
<b>OPERATING EXPENSES:</b>						
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
<b>TOTAL OPERATING EXPENSES .....</b>	<b>1,979,927</b>	<b>1,870,850</b>	<b>1,035,612</b>	<b>863,564</b>	<b>702,567</b>	<b>6,452,520</b>
<b>OPERATING INCOME (LOSS) .....</b>	<b>411,512</b>	<b>(457,337)</b>	<b>163,506</b>	<b>345,506</b>	<b>330,223</b>	<b>793,410</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
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
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET .....</b>	<b>(134,016)</b>	<b>(219,839)</b>	<b>(19,158)</b>	<b>(50,030)</b>	<b>(91,713)</b>	<b>(514,756)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS .....</b>	<b>277,496</b>	<b>(677,176)</b>	<b>144,348</b>	<b>295,476</b>	<b>238,510</b>	<b>278,654</b>
<b>TRANSFERS:</b>						
Transfers in .....	-	668,508	100,000	-	-	768,508
Transfers out .....	(244,300)	(199,962)	(131,025)	(52,858)	(83,124)	(711,269)
<b>TOTAL TRANSFERS .....</b>	<b>(244,300)</b>	<b>468,546</b>	<b>(31,025)</b>	<b>(52,858)</b>	<b>(83,124)</b>	<b>57,239</b>
<b>CAPITAL CONTRIBUTIONS:</b>						
Capital contributions .....	-	6,418,051	-	-	12,575	6,430,626
<b>CHANGE IN NET POSITION .....</b>	<b>33,196</b>	<b>6,209,421</b>	<b>113,323</b>	<b>242,618</b>	<b>167,961</b>	<b>6,766,519</b>
<b>NET POSITION AT BEGINNING OF YEAR .....</b>	<b>10,722,668</b>	<b>25,065,662</b>	<b>378,950</b>	<b>727,460</b>	<b>4,157,530</b>	<b>41,052,270</b>
<b>NET POSITION AT END OF YEAR .....</b>	<b>\$ 10,755,864</b>	<b>\$ 31,275,083</b>	<b>\$ 492,273</b>	<b>\$ 970,078</b>	<b>\$ 4,325,491</b>	<b>\$ 47,818,789</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
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)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,044,946</b>	<b>665,770</b>	<b>235,360</b>	<b>494,857</b>	<b>562,798</b>	<b>3,003,731</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
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
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(244,300)</b>	<b>468,546</b>	<b>(31,025)</b>	<b>(52,858)</b>	<b>(43,303)</b>	<b>97,060</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
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)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>5,622,373</b>	<b>(1,414,290)</b>	<b>(85,871)</b>	<b>(452,642)</b>	<b>(531,870)</b>	<b>3,137,700</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	10,034	5,291	2,141	100	3,277	20,843
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>6,433,053</b>	<b>(274,683)</b>	<b>120,605</b>	<b>(10,543)</b>	<b>(9,098)</b>	<b>6,259,334</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>1,889,547</b>	<b>2,702,985</b>	<b>813,265</b>	<b>146,079</b>	<b>1,304,810</b>	<b>6,856,686</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 8,322,600</b>	<b>\$ 2,428,302</b>	<b>\$ 933,870</b>	<b>\$ 135,536</b>	<b>\$ 1,295,712</b>	<b>\$ 13,116,020</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
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
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,044,946</b>	<b>\$ 665,770</b>	<b>\$ 235,360</b>	<b>\$ 494,857</b>	<b>\$ 562,798</b>	<b>\$ 3,003,731</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
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
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 296,552	\$ 235,733	\$ 912,242
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	134,192
<b>TOTAL ASSETS</b> .....	<u>296,552</u>	<u>235,733</u>	<u>1,046,434</u>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	32,068
Liabilities due depositors.....	-	-	984,366
Other liabilities.....	-	-	30,000
<b>TOTAL LIABILITIES</b> .....	<u>-</u>	<u>-</u>	<u>1,046,434</u>
<b>NET POSITION</b>			
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

	<u>Other Postemployment Benefits Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS:</b>		
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>
<b>DEDUCTIONS:</b>		
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.

**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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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
<b>Governmental Activities:</b>				
<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.....	19,655,009	2,161,889	(575,530)	21,241,368
<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.....	88,084,740	4,739,356	(2,086,845)	90,737,251
<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.....	(37,294,958)	(3,676,541)	2,086,845	(38,884,654)
Total capital assets being depreciated, net.....	50,789,782	1,062,815	-	51,852,597
Total governmental activities capital assets, net.....	\$ 70,444,791	\$ 3,224,704	\$ (575,530)	\$ 73,093,965

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<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.....	24,552,240	176,416	(66,808)	24,661,848
<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.....	(11,639,855)	(562,085)	66,808	(12,135,132)
Total capital assets being depreciated, net.....	12,912,385	(385,669)	-	12,526,716
Total water capital assets, net.....	\$ 13,324,058	\$ 1,346,798	\$ -	\$ 14,670,856

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<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
<b>Transfer Station:</b>				
<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
<b>Widows Walk Golf Course:</b>				
<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
<b>Waterways:</b>				
<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
<b>Governmental Funds</b>							
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
<b>Enterprise Funds</b>							
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
<b>Total.....</b>	<b>\$ <u>42,539,578</u></b>

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
<b>Governmental Activities:</b>					
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
<b>Total governmental activity long-term liabilities.....</b>	<b>\$ <u>36,156,300</u></b>	<b>\$ <u>8,042,773</u></b>	<b>\$ <u>(5,085,394)</u></b>	<b>\$ <u>39,113,679</u></b>	<b>\$ <u>3,065,414</u></b>
<b>Business-Type Activities:</b>					
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
<b>Total business-type activity long-term liabilities.....</b>	<b>\$ <u>35,987,197</u></b>	<b>\$ <u>298,469</u></b>	<b>\$ <u>(3,524,405)</u></b>	<b>\$ <u>32,761,261</u></b>	<b>\$ <u>3,379,991</u></b>

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>
<b>FUND BALANCES</b>					
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
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 10,459,886</b>	<b>\$ 7,077,374</b>	<b>\$ 989,293</b>	<b>\$ 7,152,027</b>	<b>\$ 25,678,580</b>

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	Current Year	Original	Final
	Carried forward From Prior Year	Initial Budget	Budget	Budget
<b>REVENUES:</b>				
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
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>61,247,371</b>	<b>61,247,371</b>	<b>61,247,371</b>
<b>EXPENDITURES:</b>				
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
<b>TOTAL EXPENDITURES.....</b>	<b>2,418,053</b>	<b>60,702,685</b>	<b>63,120,738</b>	<b>64,870,221</b>
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUES OVER EXPENDITURES.....</b>	<b>(2,418,053)</b>	<b>544,686</b>	<b>(1,873,367)</b>	<b>(3,622,850)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	869,208	869,208	1,408,362
Transfers out.....	-	(2,154,463)	(2,154,463)	(3,337,563)
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>-</b>	<b>(1,285,255)</b>	<b>(1,285,255)</b>	<b>(1,929,201)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,418,053)</b>	<b>(740,569)</b>	<b>(3,158,622)</b>	<b>(5,552,051)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>6,543,041</b>	<b>6,543,041</b>	<b>6,543,041</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (2,418,053)</b>	<b>\$ 5,802,472</b>	<b>\$ 3,384,419</b>	<b>\$ 990,990</b>

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>6,215,163</u>	<u>\$ (2,902,782)</u>	<u>\$ 2,321,391</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**

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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

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
<b>ASSETS</b>						
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	-
<b>TOTAL ASSETS.....</b>	<b>\$ 3,863</b>	<b>\$ 438,999</b>	<b>\$ 553,340</b>	<b>\$ 1,561,167</b>	<b>\$ 3,774,308</b>	<b>\$ 897,202</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 11,871	\$ 19,609	\$ 13,469	\$ 55,160	\$ 108,265	\$ 15,759
Other liabilities.....	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	-	259,420
Notes payable.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>11,871</b>	<b>19,609</b>	<b>13,469</b>	<b>55,160</b>	<b>108,265</b>	<b>275,179</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	-	7,757	617,670
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	419,390	539,871	1,506,007	3,658,286	4,353
Unassigned.....	(8,008)	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>(8,008)</b>	<b>419,390</b>	<b>539,871</b>	<b>1,506,007</b>	<b>3,658,286</b>	<b>4,353</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 3,863</b>	<b>\$ 438,999</b>	<b>\$ 553,340</b>	<b>\$ 1,561,167</b>	<b>\$ 3,774,308</b>	<b>\$ 897,202</b>

<b>Special Revenue Funds</b>		<b>Capital Projects Funds</b>			<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
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

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
<b>REVENUES:</b>						
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	-
<b>TOTAL REVENUES.....</b>	<b>726,485</b>	<b>2,197,511</b>	<b>1,565,367</b>	<b>1,660,163</b>	<b>1,976,484</b>	<b>279,532</b>
<b>EXPENDITURES:</b>						
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	-
<b>TOTAL EXPENDITURES.....</b>	<b>731,848</b>	<b>2,321,020</b>	<b>1,662,152</b>	<b>446,869</b>	<b>1,573,982</b>	<b>100,616</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(5,363)</b>	<b>(123,509)</b>	<b>(96,785)</b>	<b>1,213,294</b>	<b>402,502</b>	<b>178,916</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Capital lease financing.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	101,147	-
Transfers out.....	-	-	-	(44,631)	(271,897)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,631)</b>	<b>(170,750)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(5,363)</b>	<b>(123,509)</b>	<b>(96,785)</b>	<b>1,168,663</b>	<b>231,752</b>	<b>178,916</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR...</b>	<b>(2,645)</b>	<b>542,899</b>	<b>636,656</b>	<b>337,344</b>	<b>3,426,534</b>	<b>(174,563)</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR.....</b>	<b>\$ (8,008)</b>	<b>\$ 419,390</b>	<b>\$ 539,871</b>	<b>\$ 1,506,007</b>	<b>\$ 3,658,286</b>	<b>\$ 4,353</b>

<b>Special Revenue Funds</b>		<b>Capital Projects Funds</b>			<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
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

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

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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
<b>Governmental activities</b>										
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.....	<u>16,163,351</u>	<u>16,574,115</u>	<u>16,031,337</u>	<u>17,329,409</u>	<u>13,013,951</u>	<u>27,219</u>	<u>1,208,526</u>	<u>413,970</u>	<u>(2,073,085)</u>	<u>(5,244,436)</u>
<b>Total governmental activities net position.....</b>	<b><u>\$ 62,941,957</u></b>	<b><u>\$ 65,251,017</u></b>	<b><u>\$ 65,711,974</u></b>	<b><u>\$ 66,732,102</u></b>	<b><u>\$ 62,653,917</u></b>	<b><u>\$ 63,658,270</u></b>	<b><u>\$ 63,298,355</u></b>	<b><u>\$ 64,965,347</u></b>	<b><u>\$ 63,308,767</u></b>	<b><u>\$ 62,878,474</u></b>
<b>Business-type activities</b>										
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.....	<u>1,862,578</u>	<u>2,594,043</u>	<u>3,161,780</u>	<u>1,672,984</u>	<u>943,745</u>	<u>4,725,581</u>	<u>15,346,008</u>	<u>14,228,936</u>	<u>13,527,535</u>	<u>18,870,209</u>
<b>Total business-type activities net position.....</b>	<b><u>\$ 27,244,612</u></b>	<b><u>\$ 32,449,162</u></b>	<b><u>\$ 32,515,327</u></b>	<b><u>\$ 39,904,005</u></b>	<b><u>\$ 40,733,335</u></b>	<b><u>\$ 40,264,718</u></b>	<b><u>\$ 40,577,119</u></b>	<b><u>\$ 40,801,924</u></b>	<b><u>\$ 41,052,270</u></b>	<b><u>\$ 47,818,789</u></b>
<b>Primary government</b>										
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.....	<u>18,025,929</u>	<u>19,168,158</u>	<u>19,193,117</u>	<u>19,002,393</u>	<u>13,957,696</u>	<u>4,752,800</u>	<u>16,554,534</u>	<u>14,642,906</u>	<u>11,454,450</u>	<u>13,625,773</u>
<b>Total primary government net position.....</b>	<b><u>\$ 90,186,569</u></b>	<b><u>\$ 97,700,179</u></b>	<b><u>\$ 98,227,301</u></b>	<b><u>\$ 104,230,587</u></b>	<b><u>\$ 99,034,771</u></b>	<b><u>\$ 103,922,988</u></b>	<b><u>\$ 103,875,474</u></b>	<b><u>\$ 105,767,271</u></b>	<b><u>\$ 104,361,037</u></b>	<b><u>\$ 110,697,263</u></b>

Source: Audited Financial Statements

**Changes in Net Position**

**Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
<b>Governmental activities:</b>										
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
<b>Total government activities expenses.....</b>	<b>50,882,696</b>	<b>54,500,675</b>	<b>58,496,205</b>	<b>62,793,466</b>	<b>70,822,661</b>	<b>68,997,236</b>	<b>71,285,608</b>	<b>73,886,621</b>	<b>77,418,565</b>	<b>81,114,193</b>
<b>Business-type activities:</b>										
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
<b>Total business-type activities expenses.....</b>	<b>7,450,571</b>	<b>7,801,305</b>	<b>8,108,361</b>	<b>8,573,713</b>	<b>8,614,108</b>	<b>9,048,002</b>	<b>8,931,004</b>	<b>8,524,913</b>	<b>8,278,148</b>	<b>7,600,436</b>
<b>Total primary government expenses.....</b>	<b>\$ 58,333,267</b>	<b>\$ 62,301,980</b>	<b>\$ 66,604,566</b>	<b>\$ 71,367,179</b>	<b>\$ 79,436,769</b>	<b>\$ 78,045,238</b>	<b>\$ 80,216,612</b>	<b>\$ 82,411,534</b>	<b>\$ 85,696,713</b>	<b>\$ 88,714,629</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
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
<b>Total government activities program revenues.....</b>	<b>13,397,392</b>	<b>17,691,738</b>	<b>17,907,094</b>	<b>18,387,950</b>	<b>20,134,342</b>	<b>23,120,244</b>	<b>21,179,380</b>	<b>22,882,624</b>	<b>21,279,589</b>	<b>23,386,531</b>
<b>Business-type activities:</b>										
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
<b>Total business-type activities program revenues.....</b>	<b>6,996,903</b>	<b>12,424,218</b>	<b>7,386,044</b>	<b>15,418,052</b>	<b>9,169,219</b>	<b>8,147,971</b>	<b>9,095,093</b>	<b>8,639,351</b>	<b>8,450,983</b>	<b>14,269,895</b>
<b>Total primary government program revenues.....</b>	<b>\$ 20,394,295</b>	<b>\$ 30,115,956</b>	<b>\$ 25,293,138</b>	<b>\$ 33,806,002</b>	<b>\$ 29,303,561</b>	<b>\$ 31,268,215</b>	<b>\$ 30,274,473</b>	<b>\$ 31,521,975</b>	<b>\$ 29,730,572</b>	<b>\$ 37,656,426</b>
<b>Net (Expense)/Revenue</b>										
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
<b>Total primary government net expense.....</b>	<b>\$ (37,938,972)</b>	<b>\$ (32,186,024)</b>	<b>\$ (41,311,428)</b>	<b>\$ (37,561,177)</b>	<b>\$ (50,133,208)</b>	<b>\$ (46,777,023)</b>	<b>\$ (49,942,139)</b>	<b>\$ (50,889,559)</b>	<b>\$ (55,966,141)</b>	<b>\$ (51,058,203)</b>
<b>General Revenues and other</b>										
<b>Changes in Net Position</b>										
<b>Governmental activities:</b>										
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)
<b>Total governmental activities.....</b>	<b>37,727,627</b>	<b>39,117,997</b>	<b>41,050,068</b>	<b>45,425,644</b>	<b>46,610,134</b>	<b>46,724,820</b>	<b>49,446,573</b>	<b>52,670,989</b>	<b>54,482,396</b>	<b>57,297,369</b>
<b>Business-type activities:</b>										
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
<b>Total business-type activities.....</b>	<b>550,799</b>	<b>581,637</b>	<b>788,482</b>	<b>544,339</b>	<b>274,219</b>	<b>249,436</b>	<b>148,312</b>	<b>110,367</b>	<b>77,511</b>	<b>97,060</b>
<b>Total primary government</b>	<b>\$ 38,278,426</b>	<b>\$ 39,699,634</b>	<b>\$ 41,838,550</b>	<b>\$ 45,969,983</b>	<b>\$ 46,884,353</b>	<b>\$ 46,974,256</b>	<b>\$ 49,594,885</b>	<b>\$ 52,781,356</b>	<b>\$ 54,559,907</b>	<b>\$ 57,394,429</b>
<b>Changes in Net Position</b>										
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
<b>Total primary government.....</b>	<b>\$ 339,454</b>	<b>\$ 7,513,610</b>	<b>\$ 527,122</b>	<b>\$ 8,408,806</b>	<b>\$ (3,248,855)</b>	<b>\$ 197,233</b>	<b>\$ (347,254)</b>	<b>\$ 1,891,797</b>	<b>\$ (1,406,234)</b>	<b>\$ 6,336,226</b>

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
<b>General Fund</b>										
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
<b>Total general fund.....</b>	<b>\$ 3,821,613</b>	<b>\$ 3,775,070</b>	<b>\$ 3,474,087</b>	<b>\$ 2,127,329</b>	<b>\$ 1,606,843</b>	<b>\$ 3,677,039</b>	<b>\$ 6,624,354</b>	<b>\$ 8,533,379</b>	<b>\$ 9,367,411</b>	<b>\$ 10,459,886</b>
<b>All Other Governmental Funds</b>										
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)
<b>Total all other governmental funds....</b>	<b>\$ 7,506,420</b>	<b>\$ 12,735,947</b>	<b>\$ 9,596,232</b>	<b>\$ 13,933,584</b>	<b>\$ 13,858,876</b>	<b>\$ 10,944,816</b>	<b>\$ 11,952,468</b>	<b>\$ 13,883,614</b>	<b>\$ 16,915,154</b>	<b>\$ 15,218,694</b>

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**

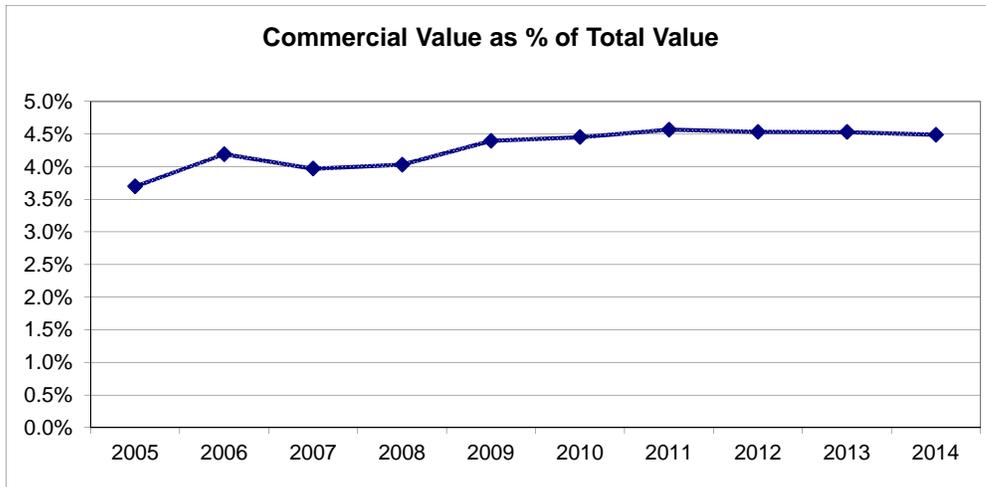
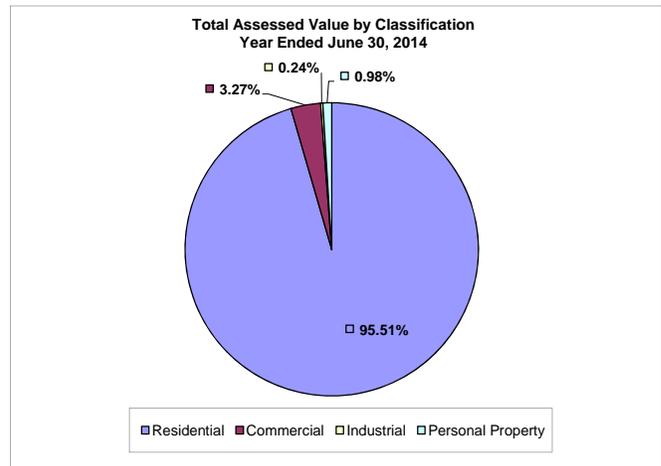
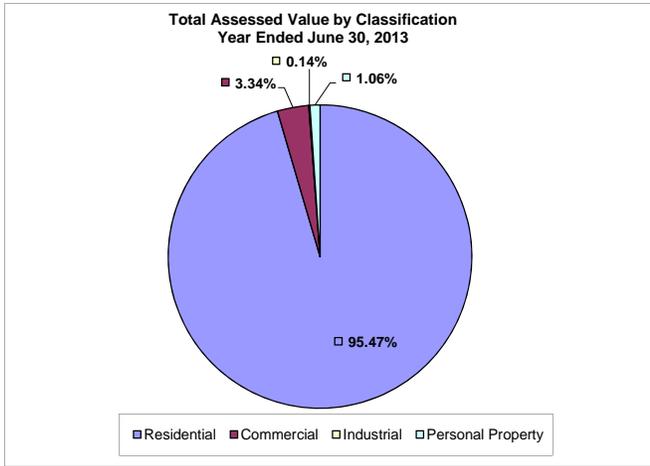
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 31,527,660	\$ 32,899,751	\$ 34,753,273	\$ 38,310,697	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979
Motor vehicle and other 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
<b>Total Revenues.....</b>	<b>66,477,687</b>	<b>62,450,591</b>	<b>59,651,902</b>	<b>63,558,721</b>	<b>67,126,530</b>	<b>70,375,039</b>	<b>70,179,223</b>	<b>76,054,996</b>	<b>75,592,664</b>	<b>80,276,828</b>
<b>Expenditures:</b>										
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
<b>Total Expenditures.....</b>	<b>52,658,447</b>	<b>56,685,970</b>	<b>62,304,118</b>	<b>65,362,289</b>	<b>67,447,506</b>	<b>70,969,457</b>	<b>69,812,951</b>	<b>74,023,095</b>	<b>75,088,623</b>	<b>81,063,511</b>
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>
<b>Other Financing Sources (Uses):</b>										
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)
<b>Total other financing sources (uses).....</b>	<b>11,728,201</b>	<b>(581,637)</b>	<b>(788,482)</b>	<b>4,794,162</b>	<b>(274,218)</b>	<b>3,365,070</b>	<b>3,288,955</b>	<b>1,808,270</b>	<b>3,361,531</b>	<b>182,698</b>
<b>Net change in fund balance.....</b>	<b>\$ 25,547,441</b>	<b>\$ 5,182,984</b>	<b>\$ (3,440,698)</b>	<b>\$ 2,990,594</b>	<b>\$ (595,194)</b>	<b>\$ 2,770,652</b>	<b>\$ 3,655,227</b>	<b>\$ 3,840,171</b>	<b>\$ 3,865,572</b>	<b>\$ (603,985)</b>
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.

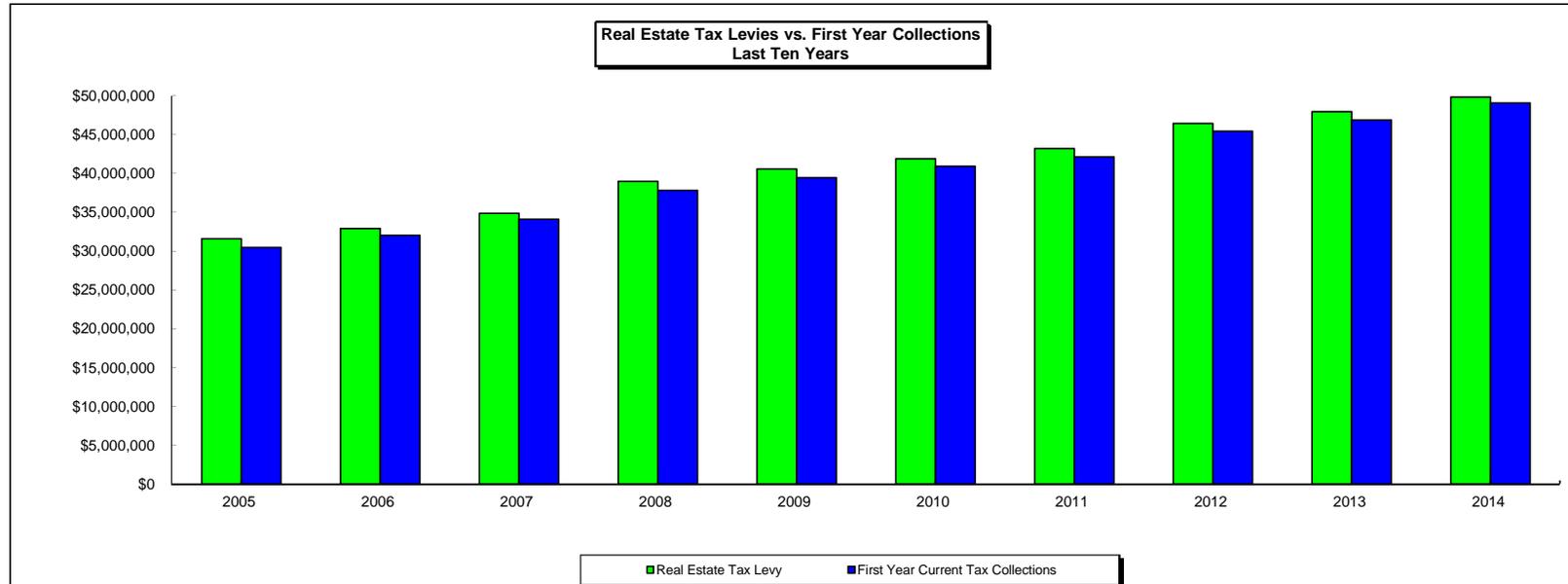
Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax 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
<b>General Government</b>										
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
<b>Town Clerk</b>										
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
<b>Police</b>										
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
<b>Fire</b>										
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
<b>Building Department</b>										
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
<b>Education</b>										
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
<b>Public Works</b>										
<b>Water</b>										
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
<b>Highway</b>										
Miles of public road.....	100	100	100	100	101	101	101	101	101	101
<b>Human Services</b>										
<b>Board of Health</b>										
Inspections.....	692	732	791	577	527	609	612	549	549	590
Sewage Permits.....	173	374	225	149	120	99	106	85	85	69
<b>Council on Aging</b>										
Total Rides .....	30,552	16,432	12,808	7,330	6,406	6,406	6,757	6,860	6,845	
<b>Library</b>										
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.