

**FINAL OFFICIAL STATEMENT DATED JANUARY 18, 2018**

**TOWN OF SCITUATE, MASSACHUSETTS**

**\$14,939,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Dated  
February 2, 2018

Due  
February 1, 2019

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| <u>Number</u> | <u>Award</u>  | <u>Coupon Rate</u> | <u>Yield</u> | <u>CUSIP</u> |
|---------------|---------------|--------------------|--------------|--------------|
| 1             | \$ 14,939,000 | 3.00%              | 1.44%        | 809095 XA5   |

**TD Securities (USA) LLC**

*Purchaser*

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The provisions of the accompanying PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED JANUARY 3, 2018 supplemented and modified hereby, are incorporated in and made part of this Final Official Statement.

**Hilltop Securities Inc.**

*Financial Advisor*

## PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED JANUARY 3, 2018

S&P Global Ratings: SP-1+

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum taxable income of individuals or, except as described herein, corporations. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

### TOWN OF SCITUATE, MASSACHUSETTS \$14,939,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

The Town of Scituate, Massachusetts (the "Town"), will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via PARITY in the case of electronic bids until 11:00 a.m., eastern standard time, Thursday, January 18, 2018 for the purchase of the following described General Obligation Bond Anticipation Notes (the "Notes").

\$14,939,000 General Obligation Bond Anticipation Notes (new and renewal). The Notes will be dated February 2, 2018 and will be payable February 1, 2019. Interest will be computed on a 30 day month/360 day year basis (359/360).

Bids may be submitted electronically via PARITY pursuant to this Notice of Sale until 11:00 a.m., eastern time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact Hilltop Securities Inc. (617) 619-4400 or PARITY at (212) 404-8102.

The Notes will be issued by means of a book-entry system, evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to rules and procedures adopted by DTC (see "Book-Entry Transfer System"), unless the issuance of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. Principal and interest will be payable upon maturity in federal reserve funds at U.S. Bank National Association, Boston, Massachusetts.

Bids for the Notes may be submitted for all or part of the Notes at a single or various rates of interest in multiples of one-hundredth (1/100) of one percent (1%). The Notes will be awarded on the basis of the lowest net interest cost to the Town. No bid of less than par and accrued interest to the date of delivery will be considered. **A premium of at least \$1.35 must be included for each \$1,000 bid.** The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid. The Notes will be awarded on the basis of lowest net interest cost to the Town after deduction of premium, if any. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from February 2, 2018 until the maturity of the Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes. In the event a bidder offering a premium for the Notes is awarded a lesser amount of Notes than bid, the premium shall be reduced proportionately.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or e-mailing a completed, signed bid form to Hilltop Securities Inc., by not later than 12:00 noon, eastern time, on the date of sale.

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

The successful bidder for the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate or certificates, rather than in book-

entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

It shall be the condition of the successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them, and (c) a certificate of the Town's Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of such Notes referred to below, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

The successful bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering price to the public or the actual sale price of the Notes, together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by Hilltop Securities Inc. ("Financial Advisor") and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Notes to the bidder who submitted a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by facsimile or email to the Financial Advisor ([peter.frazier@hilltopsecurities.com](mailto:peter.frazier@hilltopsecurities.com)), facsimile (617) 619-4411, telephone (617) 619-4400, or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Notes, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an "underwriter" (as defined below) of the Notes, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Notes to the public.**

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Notes to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Notes to the public, the Successful Bidder may, at its option will use the first price at which 10% of the Notes (the "10% test") is sold to the public as the issue price of the Notes. The successful bidder shall advise the Financial Advisor if the 10% test is satisfied as of the date and time of the award of the Notes. The Town will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date as the issue price of the Notes if the competitive sale requirements are not met.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to Notes or all of the Notes are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Notes have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for the Notes or until all the Notes have been sold. The successful bidder shall be obligated to report each sale of Notes to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Notes or all of the Notes have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Notes or that all of the Notes have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "public" means any person other than an underwriter or a related party,
2. "underwriter" means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public), and
3. a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements — Option B — The Successful Bidder Intends to Reoffer the Notes to the Public and Agrees to Hold the Price of Maturities of Notes for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the Notes listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Town on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Notes, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Notes to the Public – Option C. If the successful bidder has purchased the Notes for its own account and will not distribute or resell the Notes to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The purchaser(s) of the Notes will be furnished the opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may be subject to the exercise of judicial discretion in appropriate cases. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source. The Notes will be valid and binding general obligations of the Town of Scituate, Massachusetts and unless paid from the bond proceeds in anticipation of which they are issued or from other sources, are payable as to both principal and interest from ad valorem taxes which may be levied upon all the property within the territorial limits of the Town and taxable by it, without limit as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

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

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated January 3, 2018 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within seven (7) business days following the award of the Notes and receipt of necessary information from the successful bidder(s), five (5) copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the requester.

The Notes, in definitive form, will be delivered to DTC or the office of its custodial agent, or to the registered owner if a fully registered certificate or certificates is requested by the winning bidder and approved by the Town, on or about February 2, 2018 for credit to the Town in federal reserve funds.

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

January 3, 2018

**\$14,939,000**  
**Town of Scituate, Massachusetts**  
**General Obligation Bond Anticipation Notes, dated February 2, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes") by the Town of Scituate, Massachusetts (the "Issuer").

**Reasonably Expected Initial Offering Prices.**

- a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.
- b) the Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.
- c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

**Defined Terms.**

- a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is January 18, 2018.
- d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes. The Successful Bidder hereby acknowledges receipt from the Issuer of the Notes and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Notes, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: February \_\_, 2018

SUCCESSFUL BIDDER

By: \_\_\_\_\_  
 Name:  
 Title:

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(Attached)**

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**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
**(Attached)**

**[Use If the Competitive Sale Requirements Are Not Met  
and the Hold the Price Rule Is Not Imposed]**

**TOWN OF SCITUATE, MASSACHUSETTS  
\$14,939,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES  
DATED FEBRUARY 2, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes") by the Town of Scituate (the "Issuer").

1. Sale of the Notes. As of the date of this certificate, [except as set forth in paragraph 2 below,] [the first price at which at least 10% of the Notes was sold to the Public is \_\_\_\_%][all of the Notes were sold at the prices set forth in Exhibit A hereto] ONLY USE THE SECOND CHOICE IF LESS THAN 10% OF THE NOTES WERE SOLD AT A SINGLE PRICE.

[Only use the next paragraph if the 10% test has not been met or all of the Notes have not been sold as of the Closing Date.]

2. Until the 10% test has been satisfied for the Notes or all of the Notes are sold to the Public, the Successful Bidder agrees to promptly report to the Issuer's financial advisor, Hilltop Securities Inc. (the "Financial Advisor"), the prices at which the Notes have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for the Notes or until all the Notes have been sold. The Successful Bidder shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.
3. Defined Terms.
  - (a) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
  - (b) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes. The Successful Bidder hereby acknowledges receipt from the Issuer of the Notes and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Notes, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: February \_\_, 2018

SUCCESSFUL BIDDER

By: \_\_\_\_\_

Name:

Title:

[EXHIBIT A

If less than 10% of the Notes have been sold at a single price as of the Closing Date, but all of the Notes have been sold as of the Closing Date at a variety of prices, attach a list of the prices at which the Notes were sold as of the Closing Date. In that scenario, the issue price of the Notes will be the average sales price. ]



**[Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met  
and the Hold the Price Rule Is Used]**

**\$14,939,000**

**TOWN OF SCITUATE  
GENERAL OBLIGATION BOND ANTICIPATION NOTES**

**Dated February 2, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the ("Successful Bidder")), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

**A. Issue Price.**

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the Offering-Price Maturities.***

(a) The Successful Bidder offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date, which correspond to the yields shown on Schedule A and on the cover of the Official Statement relating to the Notes dated the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

(b) The Successful Bidder agrees that (i) for each Maturity of the Hold-the-Offering-Price Maturities it will neither offer nor sell any of the unsold Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Notes of a Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Notes during the Holding Period.]

[2.][3.] ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Notes listed in Schedule A hereto as the "General Rule Maturities."

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Notes listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) ***Issuer*** means the Town of Scituate, Massachusetts.

(e) ***Maturity*** means Notes with the same credit and prepayment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) ***Public*** means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this

certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is January 18, 2018.

(h) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

#### **B. Reliance.**

The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate dated February 2, 2018 relating to the Issue, to which this certificate is attached as an exhibit, and with respect to compliance with the federal income tax rules affecting the Issue, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Issue is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038 and other federal income tax advice that it may give to the Issuer from time to time relating to the Issue.

#### **C. Receipt.**

The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the Notes of the Issue and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such Notes of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

Dated: February 2, 2018

[SUCCESSFUL BIDDER]

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND  
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES  
(ATTACHED)**

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**SCHEDULE B**

**PRICING WIRE OR EQUIVALENT COMMUNICATION  
(ATTACHED)**

**PRELIMINARY OFFICIAL STATEMENT  
TOWN OF SCITUATE, MASSACHUSETTS  
\$14,939,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Scituate, Massachusetts (the "Town") in connection with the sale of \$14,939,000 principal amount of its General Obligation Bond Anticipation Notes (the "Notes"). The information contained herein has been furnished by the Town except information attributed to another governmental agency or official as the source.

**Description of the Notes**

The Notes will be dated February 2, 2018 and will be payable by U.S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent, on February 1, 2019. The Notes will bear interest payable at maturity, calculated on a 30 day-month/360 day-year basis (359/360), at the rate determined upon their sale in accordance with the Notice of Sale dated January 3, 2018. The Notes will be issued by means of a book-entry system evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. See "Book-Entry Transfer System" herein.

**Authorization of the Notes and Use of Proceeds**

The following table sets forth the purposes, principal amounts, amounts authorized, bond anticipation notes outstanding, statutory references, and dates of approval, for the current offering of Notes.

| Purpose                                    | This<br>Issue        | Original<br>Bond<br>Authorization | Bond<br>Anticipation<br>Notes<br>Outstanding | Statutory<br>Reference | Dates of<br>Approval |
|--|----------------------|-----------------------------------|--|------------------------|----------------------|
| ESCO                                       | \$ 3,200,000         | \$ 5,900,000                      | \$ 3,200,000 (2)                             | Ch. 44, s. 7(1)        | 4/9/12, art. 4H      |
| Facilities Design/Engineering Services     | 150,000              | 375,000                           | 75,000 (3)                                   | Ch. 44, s. 7(7)        | 4/9/12, art. 4J      |
| Intergrated Financial Software             | 200,000              | 200,000                           | 200,000 (2)                                  | Ch. 44, s.7(9)         | 4/14/14, art. 5A     |
| Foreshore Protection                       | 500,000              | 500,000                           | 500,000 (2)                                  | Ch. 44, s. 7(1)        | 4/14/14, art. 22     |
| Dredging                                   | 195,000              | 332,000                           | 195,000 (2)                                  | Ch. 44, s. 7(1)        | 3/3/03, art. 3       |
| Water Pipe Improvement & Replacement       | 6,100,000            | 22,000,000                        | 4,800,000 (4)                                | Ch. 44, s.8            | 11/4/13, art. 11     |
| Maple St. Standpipe                        | 710,000              | 710,000                           | 710,000 (2)                                  | Ch. 44, s.8(4)         | 4/14/16, art. 4Q     |
| Chain Pond Pump Station                    | 625,000              | 625,000                           | 625,000 (2)                                  | Ch. 44, s.8(4)         | 4/13/15, art. 3S     |
| Copper Limit Reduction Feasibility Study   | 200,000              | 200,000                           | 200,000 (2)                                  | Ch. 44, s.7(7)         | 4/14/16, art. 4Y     |
| Sewer SCADA upgrade                        | 200,000              | 200,000                           | 200,000 (2)                                  | Ch. 44, s.7(9)         | 4/14/16, art. 4AA    |
| Public Safety Complex                      | 562,000              | 562,000                           | 562,000 (2)                                  | Ch. 44, s.7(1)         | 11/2/15, art. 7      |
| Public Safety Complex                      | 751,000              | 751,000 (1)                       | 751,000 (2)                                  | Ch. 44, s.7(1)         | 11/2/15, art. 8      |
| Library Renovations                        | 750,000              | 12,000,000 (1)                    | 1,300,000 (5)                                | Ch. 44, s.7(1)         | 11/4/13, art. 12     |
| Finish Water Pumps & VFD Drives            | 40,000               | 135,000                           | 40,000 (2)                                   | Ch. 44, s.7(1)         | 4/14/16, art. 4U     |
| Design of Expansion of Water Filter System | 80,000               | 80,000                            |  | Ch. 44, s.7(7)         | 4/14/16, art. 4T     |
| Water SCADA upgrades                       | 88,000               | 88,000                            |  | Ch. 44, s.7(9)         | 4/14/16, art. 4S     |
| Cedar Point I&I                            | 188,000              | 2,500,000                         |  | Ch. 44, s.7(1)         | 4/26/17, art. 3FF    |
| Culvert Improvements - Bailey's/Gilson     | 400,000              | 400,000                           |  | Ch. 44, s.7(1)         | 4/14/16, art. 3G     |
|  | <u>\$ 14,939,000</u> |                                   | <u>\$ 13,358,000</u>                         |                        |                      |

\*Preliminary, subject to change.

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

(2) This issue will renew a like amount of bond anticipation notes maturing February 2, 2018.

(3) This issue includes \$75,000 of new money proceeds. This issue will renew bond anticipation notes maturing February 2, 2018.

(4) This issue includes \$1,300,000 of new money proceeds. This issue will renew bond anticipation notes maturing February 2, 2018.

(5) This issue includes \$447,000 of new money proceeds. This issue, along with \$997,000 of grant proceeds, will retire bond anticipation notes maturing February 2, 2018.

## Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals or, except as described herein, corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes. The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

For taxable years that began before January 1, 2018, interest on the Notes owned by a corporation (other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust) will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum taxable income of such corporation. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

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

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Notes or the income therefrom or any other tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

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

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

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

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible

consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds. Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **Book-Entry Transfer System**

This section shall apply to Notes issued in book-entry form through the facilities of The Depository Trust Company, New York, NY ("DTC").

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

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

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written

confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

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

## **Security and Remedies**

*Full Faith and Credit.* General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS") and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

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

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may

also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” Under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

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

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

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

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth’s Clean Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

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



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

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

### **Bank Eligibility**

The Notes are not designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

### **Opinion of Bond Counsel**

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

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

### **Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts, serves as financial advisor to the Town.

### **Disclosure of Significant Events**

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the "MSRB"), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Town to comply with any provision of the certificate shall be an action for specific performance of the Town's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

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

## THE TOWN OF SCITUATE

### General

The Town of Scituate (the "Town") was incorporated in 1636 and is located in Plymouth County. It is approximately 25 miles southeast of Boston and 40 miles from Cape Cod. The Town is bordered by the Atlantic Ocean on the east and north, Marshfield on the south, Norwell on the southwest, Hingham on the west, and Cohasset on the northwest. It is approximately 17 square miles in area. The Town has a year round population of 18,535, and 30,000 in summer months. Scituate is a residential community with a substantial summer population. It has 57 miles of tidal shoreline that includes five beaches and saltwater recreation areas for boating, fishing and other marine sports. Its harbor is home to approximately 1,300 boats in season and is one of the most sheltered/protected harbors on the East Coast.

### Local Government

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

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

### Principal Executive Officers

The principal executive officers of the Town are as follows:

| <u>Office</u>                   | <u>Name</u>                    | <u>Term and Manner<br/>of Selection</u> | <u>Expiration<br/>of Term</u> |
|---------------------------------|--------------------------------|---|-------------------------------|
| Selectmen                       | Maura C. Curran, Chair         | Elected – 3-year term                   | 2018                          |
|                                 | Anthony V. Vegnani, Vice Chair | Elected - 3-year term                   | 2020                          |
|                                 | John F. Danehey, Clerk         | Elected - 3-year term                   | 2019                          |
|                                 | Karen B. Canfield              | Elected - 3-year term                   | 2019                          |
|                                 | Shawn Harris                   | Elected – 3-year term                   | 2020                          |
| Town Administrator              | James Boudreau                 | Appointed                               | Indefinite                    |
| Treasurer/Collector             | Pamela Avitabile               | Appointed                               | 2019                          |
| Finance Director/<br>Accountant | Nancy Holt                     | Appointed                               | 2020                          |
| Town Clerk                      | Kathleen Curran                | Elected - 3 year term                   | 2018                          |
| Town Counsel                    | Murphy, Hesse, Toomey & Lehane | Indefinite                              | Indefinite                    |

### Municipal Services

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

**Water** - The Department of Public Works Water Division is responsible for the construction, operation and maintenance of Scituate's municipal water system. The Water Division supervisor is responsible for the daily operations of the Water Division, which provides for the water service needs of nearly 100% of the population. Scituate's water supply is obtained from six gravel packed wells along with a reservoir. The Water Department is self-supporting including debt service. On November 4, 2013, the Town approved a \$22,000,000 water pipe improvement and replacement project which will replace approximately 21 miles of water mains which will occur in three phases. Phase I of this project is complete and Phase II is complete and final paving is ongoing. Phases I and II are complete. The final contract for Phase III will be issued in January 2018 for completion in summer/fall of 2018.

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

**Safety Services** - The Scituate Police Department carries out investigative, enforcement, support and educational functions in order to promote the safety and general welfare of the citizens of the Town. The Department consists of a chief, a deputy chief, two lieutenants, five sergeants, two detectives, one K9 officer, one traffic enforcement officer, twenty two patrol officers, and five dispatchers. Equipment consists of nine patrol cars, two unmarked cars, and one animal control vehicle.

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

On December 3, 2014 the Town approved a new public safety complex to replace the existing fire station #3 and the police station. The Town approved two additional funding votes for that complex of \$751,000 and \$562,000. The public safety complex debt is exempt from the limitations of Proposition 2 ½ with the exception of the \$562,000 authorization. The complex opened in March 2017.

**Library Services** - The municipal library was completed and occupied in 1978 and the construction cost was fully funded by the federal government. The library offers a variety of services and programs to Scituate residents in all age groups. Traditional library services are enhanced by modern technologies and innovative information systems. The library is centrally located and serves as a convenient meeting place for community groups. The Board of Library Trustees is responsible for establishing policies governing the operation of the library. On November 4, 2013, the Town approved a \$12,000,000 library renovation project which will be offset with a \$4,900,000 public construction grant from the Massachusetts Board of Library Commissioners. On December 14, 2013, the Town voted to exclude this debt from the limitations of Proposition 2 ½. The renovated building re-opened to the public in June 2017.

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

## Education

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

|             | Average Annual Enrollments (1) |                |                |                |                |
|-------------|--------------------------------|----------------|----------------|----------------|----------------|
|             | <u>2013/14</u>                 | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> |
| Pre-K       | 69                             | 72             | 68             | 71             | 77             |
| Grades K/6  | 1,670                          | 1,628          | 1,630          | 1,491          | 1,267          |
| Grades 7/8  | 510                            | 485            | 493            | 521            | 722            |
| Grades 9/12 | 871                            | 912            | 903            | 915            | 922            |
| Ungraded    | <u>2</u>                       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       |
| Total       | <u>3,122</u>                   | <u>3,097</u>   | <u>3,094</u>   | <u>2,998</u>   | <u>2,988</u>   |

(1) As of October 1 each school year.

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

|             | <u>Projected Annual Enrollments</u> |                |
|-------------|-------------------------------------|----------------|
|             | <u>2018/19</u>                      | <u>2019/20</u> |
| Pre-K       | 72                                  | 77             |
| Grades K/6  | 1,279                               | 1,260          |
| Grades 7/8  | 642                                 | 670            |
| Grades 9/12 | 872                                 | 940            |
| Ungraded    | <u>0</u>                            | <u>0</u>       |
| Total       | <u>2,865</u>                        | <u>2,947</u>   |

Source: Superintendent of Schools.

**Public Schools** – Currently, the public school system of the Town consists of four elementary schools (K-6) with an enrollment of 1,670 students; one intermediate school (7-8) with an enrollment of 510 students; and one senior high school with an enrollment of 871 students. The Town also has a Pre-K program which is housed at the high school with an enrollment of 69 students. The new middle school, includes Grades 6 through 8, opened as scheduled in September 2017.

The school system has 290 teachers, 13 administrators, 7 nurses and 145 support personnel. The approximate student/teacher ratio is 14 to 1 at the elementary, 16 to 1 at the intermediate levels, and 16 to 1 at the high school level.

#### **Town of Scituate, MA - Population Trends**

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

Source: Town Clerk.

#### **Age, Income and Wealth Levels**

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

Source: U.S. Bureau of the Census.

#### **Largest Employers**

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

## Building Permits

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

| Fiscal<br>Year | New Construction                          |              | Additions/Alterations |              | Total |                 |
|----------------|---|--------------|-----------------------|--------------|-------|-----------------|
|                | <u>Residential/Non-Residential</u><br>No. | Value        | No.                   | Value        | No.   | Value           |
| 2017           | 49  | \$14,446,208 | 748                   | \$29,136,478 | 797   | \$43,582,686    |
| 2016           | 35  | 79,372,168   | 812                   | 42,129,725   | 847   | 121,501,893 (1) |
| 2015           | 46  | 12,801,915   | 784                   | 19,135,916   | 830   | 31,937,831      |
| 2014           | 44  | 13,615,034   | 829                   | 11,266,430   | 873   | 24,881,464      |
| 2013 (2)       | 52  | 14,888,035   | 719                   | 15,146,040   | 771   | 30,034,075      |

Source: Building Commissioner.

- (1) Increases attributable to the Town's new middle school (\$52,774,710), public safety building (\$15,251,000), library (\$9,300,000) and Inly School (\$3,763,555) projects.
- (2) Increase attributable to a historically low interest rate, increased demand and an improved economic outlook.

## Economic Development

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

| DEVELOPMENT  | UNITS/COMMERCIAL SPACE APPROVED  | CONSTRUCTION STATUS   | % COMPLETE    |
|--|--|---|---------------|
| <b>Riverway Condominiums (60 New Driftway)</b>                               | 26 condominiums and commercial building with 2 rental apts approved  | 26 condominiums built and occupied – commercial bldg not complete               | 85% Complete. |
| <b>Stockbridge Landing (formerly Stockbridge Woods) (96 Stockbridge Rd.)</b> | 74 rental apts approved (40B development)  | Conservation enforcement issues. No building permits issued.                    | 15% Complete. |
| <b>Deer Common (530 Chief Justice Cushing Highway)</b>                       | 12 lot subdivision approved.   | Road base, drainage & utilities installed. 9 building permits issued and 5 CO's | 50% Complete. |
| <b>35 Dreamwold Rd</b>   | 3 lot common driveway with one additional Form A lot approved  | Common driveway base and utilities done. 4 homes – 2 CO's issued.               | 70% Complete. |
| <b>The Glen (Kevin's Way)</b>  | 10 lot subdivision (duplexes)  | 10 condominiums permitted. 5 CO's issued  | 70% Complete. |
| <b>Benjamin Studley Farm (214 Clapp Rd)</b>                                  | 9 lot subdivision  | Roads and drainage constructed. 5 building permits and 2 CO's issued.           | 50% Complete. |
| <b>541/545 Country Way</b>   | Restoration of antique home with new home behind on common drive   | Common driveway constructed to base and 2 CO's issued.                          | 90% Complete. |
| <b>Blanchard Farm Estates (40 Curtis St)</b>                                 | 11 lot subdivision   | All CO's issued. As-Built and punch list remain                                 | 85% Complete. |
| <b>White Ash Farm (305 Country Way)</b>                                      | 3 lot subdivision  | Road complete. 1 CO issued  | 75% Complete  |
| <b>Scituate Middle School</b>  | New middle school construction   | Work is mostly complete. Punch list items. School occupied                      | 95% Complete  |
| <b>Scituate Town Library</b>   | New library construction   | Work is mostly complete. Punch list items. Library occupied.                    | 98% Complete  |
| <b>Scituate Public Safety Building</b>                                       | Full size public safety building with all police dept offices, services, jail cells, three-bay fire station, central dispatch and training rooms | Work is mostly completed. Punch list items. Public Safety Building occupied     | 98% Complete  |
| <b>7 &amp; 13R Elm Park</b>  | 2 new homes  | Construction nearly complete  | 85% Complete  |
| <b>13 Ford Place</b>   | 5 unit commercial contractor yard  | Construction nearly complete  | 95% complete  |

|  |  |   |               |
|--|--|---|---------------|
| <b>50 Country Way<br/>Greenbush Station</b>              | 30 apartments in 3 building mixed use development  | Site work ongoing and binder down. Residential Buildings B and C under construction         | 50% Complete. |
| <b>Aquinnah Path</b>                                     | Lots were entitled to endorsement since pre-existing on Land Court Plan. Stormwater Permit issued. | Road upgraded. 3 building permits issued with 2 CO's  | 85% Complete. |
| <b>178/180/182 First Parish Road</b>                     | 3 lots with 2 lot common drive   | 3 building permits issued and two CO's. Common driveway constructed                         | 80% Complete. |
| <b>Hatherly Cove</b>                                     | 4 single family homes on Common Driveway under Residential Compound                                | Driveway to base coat and drainage and utilities installed. 2 building permits              | 35% Complete. |
| <b>Laurelwood</b>  | 24 lots; 21 single family homes in Norwell and 3 vacant lots in Scituate                           | Taxes not paid. No permits issued in Scituate.  | 10% Complete. |
| <b>529/531 Country Way</b>                               | Three small, studio-type homes replaced by two new homes on estate lots                            | Driveway constructed to binder with drainage and utilities. 2 CO's issued                   | 90% Complete. |
| <b>4, 6, 8 Longley Rd.</b>                               | New Form A lots.   | Two building permits issued. Two CO's issued.   | 60% Complete. |
| <b>28, 37, 39, 41 and 43 Otis Place; 41 Allen Place</b>  | Six new homes in walking distance of Scituate Harbor; new development and redevelopment            | 1 home completed. 5 homes under construction.   | 50% complete  |
| <b>167 Driftway</b>                                      | Town Dog Park  | CPA Funds and Stanton Foundation obtained for 100% of the cost. Seeking Town approvals      | 0% Complete   |
| <b>North Scituate Playground</b>                         | Replacement for playground lost to Middle School construction                                      | Playground opened in October 2017. Punch list items remaining.                              | 98% Complete  |
| <b>Seaside at Scituate (Toll Brothers)</b>               | 142 age restricted townhomes and 10 single family homes off of Hatherly Rd                         | In the permitting process for a Residential Cluster Development                             | 1% Complete   |
| <b>Curtis Estates (90 Ann Vinal Road)</b>                | 16 single family homes under a Flexible Open Space Definitive Subdivision                          | In the permitting process for a Flexible Open Space Subdivision                             | 1% Complete   |
| <b>4 Union Street</b>                                    | Contractor bay addition – 2 bays   | A Site Plan Administrative approval was received and a building permit has been applied for | 1% Complete   |
| <b>75 &amp; 79 Mann Lot Rd<br/>4 &amp; 6 Creelman Dr</b> | 4 ANR lots which required a Stormwater permit  | 2 CO's and 1 building permit  | 55% complete  |
| <b>Herring Brook Meadow 40 B</b>                         | Modification submitted for 48 units  | In permitting process   | 1% complete   |

## PROPERTY TAXATION

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

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

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

### Tax Levy Computation

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

|                                    | Fiscal 2018          | Fiscal 2017          | Fiscal 2016          | Fiscal 2015          | Fiscal 2014          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Gross Amount to be Raised:         |                      |                      |                      |                      |                      |
| Appropriations                     | \$ 94,195,308        | \$ 90,478,878        | \$ 89,970,851        | \$ 78,467,790        | \$ 76,364,245        |
| Other Local Expenditures           | 190,872              | 1,201,922            | 1,190,344            | 31,658               | 43,495               |
| State & County Charges             | 740,503              | 698,248              | 530,824              | 477,839              | 463,691              |
| Overlay Reserve                    | 249,617              | 250,001              | 275,943              | 275,000              | 220,000              |
| Total Gross Amount to be Raised    | <u>95,376,300</u>    | <u>92,629,049</u>    | <u>91,967,963</u>    | <u>79,252,287</u>    | <u>77,091,431</u>    |
| Offsets:                           |                      |                      |                      |                      |                      |
| Estimated Receipts - State         | 7,681,321            | 7,578,880            | 7,245,208            | 7,085,154            | 6,958,087            |
| Estimated Receipts - Local         | 22,417,121           | 21,045,196           | 21,190,323           | 17,627,902           | 16,352,216           |
| Appropriated:                      |                      |                      |                      |                      |                      |
| Free Cash                          | 2,068,103            | 1,598,071            | 2,730,410            | 2,081,239            | 2,287,431            |
| Other Available Funds              | 1,219,888            | 2,170,462            | 3,078,920            | 816,518              | 1,556,418            |
| Free Cash & Other Revenue          |                      |                      |                      |                      |                      |
| Used to Reduce the Tax Rate        | -                    | -                    | -                    | -                    | -                    |
| Total Offsets                      | <u>33,386,433</u>    | <u>32,392,609</u>    | <u>34,244,861</u>    | <u>27,610,813</u>    | <u>27,154,152</u>    |
| Net Amount to be Raised (Tax Levy) | <u>\$ 61,989,867</u> | <u>\$ 60,236,440</u> | <u>\$ 57,723,102</u> | <u>\$ 51,641,474</u> | <u>\$ 49,937,279</u> |
| Property Valuation                 | \$ 4,443,718,080     | \$ 4,275,119,960     | \$ 4,082,256,130     | \$ 3,942,097,250     | \$ 3,826,611,930     |
| Tax Rate per \$1,000 (1)           | \$ 13.95             | \$ 14.09             | \$ 14.14             | \$ 13.10             | \$ 13.05             |

Source: Board of Assessors.

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

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



## Valuations and Tax Levies

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

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

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

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

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

| Fiscal Year | Assessed Valuations (1) |                   |                  | Equalized Valuation (2) | Assessed Valuation as a Percent of Equalized |
|-------------|-------------------------|-------------------|------------------|-------------------------|--|
|             | Real Property           | Personal Property | Total            |                         |  |
| 2018        | \$ 4,399,264,860        | \$ 44,453,220     | \$ 4,443,718,080 | \$ 4,433,619,600        | 100.2 %                                      |
| 2017        | 4,230,376,390           | 44,743,570        | 4,275,119,960    | 4,433,619,600           | 96.4   |
| 2016        | 4,040,564,100           | 41,692,030        | 4,082,256,130    | 4,103,737,600           | 99.5   |
| 2015        | 3,900,972,700           | 41,124,550        | 3,942,097,250    | 4,103,737,600           | 96.1   |
| 2014        | 3,788,924,500           | 37,686,890        | 3,826,611,390    | 4,137,906,200           | 92.5   |

(1) Source: Board of Assessors.

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

## Classification of Property

| Type        | Fiscal 2018             |                | Fiscal 2017             |                | Fiscal 2016             |                |
|-------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
|             | Assessed Valuation      | % of Total     | Assessed Valuation      | % of Total     | Assessed Valuation      | % of Total     |
| Residential | \$ 4,258,651,412        | 95.8 %         | \$ 4,091,047,873        | 95.7 %         | \$ 3,901,948,229        | 95.6 %         |
| Commercial  | 127,874,848             | 2.9            | 126,931,317             | 3.0            | 126,200,871             | 3.1            |
| Industrial  | 12,738,600              | 0.3            | 12,397,200              | 0.3            | 12,415,000              | 0.3            |
| Personal    | 44,453,220              | 1.0            | 44,743,570              | 1.0            | 41,692,030              | 1.0            |
| Total       | <u>\$ 4,443,718,080</u> | <u>100.0 %</u> | <u>\$ 4,275,119,960</u> | <u>100.0 %</u> | <u>\$ 4,082,256,130</u> | <u>100.0 %</u> |

Source: Massachusetts Department of Revenue.

## Largest Taxpayers

The following is a list of the Town's ten largest taxpayers based upon assessed valuations for preliminary fiscal 2018, all of whom are current in their tax payments:

| Name                           | Type of Business | Total Assessed<br>Valuation for<br>Fiscal 2018 | Fiscal 2018<br>Tax<br>Levy | % of<br>Total<br>Levy |
|--------------------------------|------------------|--|----------------------------|-----------------------|
| Bay State Gas Company          | Utility          | \$ 15,402,330                                  | \$ 214,863                 | 0.35 %                |
| Massachusetts Electric Company | Utility          | 10,890,320                                     | 151,920                    | 0.25                  |
| Abbott P M/Chamberlain Mng Co. | Real Estate      | 7,844,100                                      | 109,426                    | 0.18                  |
| Kent Village Associates        | Housing          | 5,726,100                                      | 79,879                     | 0.13                  |
| Scituate Solar LLC             | Real Estate      | 5,449,600                                      | 76,022                     | 0.12                  |
| Suburban Realty Trust          | Residential      | 4,650,100                                      | 64,869                     | 0.10                  |
| Comcast of Massachusetts       | Utility          | 4,645,890                                      | 64,810                     | 0.10                  |
| South Shore Real Estate        | Real Estate      | 4,194,200                                      | 58,509                     | 0.09                  |
| Hatherly Country Club          | Country Club     | 3,715,190                                      | 51,827                     | 0.08                  |
| Herring Brook                  | Real Estate      | 3,460,100                                      | 48,268                     | 0.08                  |
| Total                          |                  | <u>\$ 65,977,930</u>                           | <u>\$ 920,393</u>          | <u>1.48 %</u>         |

## Abatements and Overlay

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

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

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

| Fiscal<br>Year | Gross Tax<br>Levy | Overlay Allowance |                    | Exemptions/<br>Abatements<br>Granted thru<br>Fiscal Year | Overlay<br>Excess<br>(Deficit) |
|----------------|-------------------|-------------------|--------------------|--|--------------------------------|
|                |                   | Dollar<br>Amount  | Percent<br>of Levy |  |                                |
| 2017           | \$60,236,440      | \$250,001         | 0.4%               | \$85,674   | \$164,327                      |
| 2016           | 57,723,102        | 275,943           | 0.5                | 143,212  | 132,713                        |
| 2015           | 51,671,474        | 275,000           | 0.5                | 196,268  | 78,732                         |
| 2014           | 49,937,279        | 220,000           | 0.4                | 117,563  | 102,437                        |
| 2013           | 48,082,156        | 214,170           | 0.5                | 130,562  | 88,608                         |

Source: Board of Assessors.

## Tax Collections

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

| <u>Fiscal Year</u> | <u>Gross Tax Levy</u> | <u>Overlay Reserve for Abatements</u> | <u>Net Tax Levy (1)</u> | <u>% of Net Collected at June 30 (2,3,4)</u> |
|--------------------|-----------------------|---------------------------------------|-------------------------|--|
| 2017               | \$60,236,440          | \$250,001                             | \$59,986,439            | 98.9%  |
| 2016               | 57,723,102            | 275,943                               | 57,447,159              | 98.8   |
| 2015               | 51,641,474            | 275,000                               | 51,366,474              | 98.9   |
| 2014               | 49,937,279            | 220,000                               | 49,717,279              | 98.0   |
| 2013               | 48,082,156            | 214,170                               | 47,862,986              | 97.6   |

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

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

## Tax Titles and Possessions

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

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

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

## Taxes Outstanding

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

| <u>As of 6/30</u> | <u>Aggregate Overdue Property Taxes at FY-End (1)</u> | <u>Tax Titles</u> | <u>Tax Possessions</u> |
|-------------------|---|-------------------|------------------------|
| 2017              | \$730,860   | \$794,795         | \$521,719              |
| 2016              | 693,529   | 1,034,449         | 377,376                |
| 2015              | 633,122   | 1,233,725         | 310,451                |
| 2014              | 614,175   | 1,199,628         | 388,914                |
| 2013              | 675,649   | 1,297,349         | 243,113                |

Source: Town Accountant.

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

## Sale of Tax Receivables

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

## **Taxation to Meet Deficits**

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

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

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

## **Tax Limitations**

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

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

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

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

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

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

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

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to

exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

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

### Pledged Taxes

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

### Unused Levy Capacity (1)

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

|                                    | For Fiscal Year |                |                |               |               |
|------------------------------------|-----------------|----------------|----------------|---------------|---------------|
|                                    | 2018            | 2017           | 2016           | 2015          | 2014          |
| Primary Levy Ceiling (2)           | \$ 111,092,952  | \$ 106,877,999 | \$ 102,056,403 | \$ 98,552,431 | \$ 95,665,285 |
| Prior Fiscal Year Levy Limit       | 53,730,738      | 51,924,064     | 50,137,901     | 48,365,077    | 46,677,025    |
| 2.5% Levy Growth                   | 1,343,268       | 1,298,102      | 1,253,448      | 1,209,127     | 1,166,926     |
| Current Fiscal Year New Growth (3) | 572,266         | 508,572        | 532,715        | 563,697       | 521,126       |
| Current Fiscal Year Override       | -               | -              | -              | -             | -             |
| Growth Levy Limit                  | 55,646,272      | 53,730,738     | 51,924,064     | 50,137,901    | 48,365,077    |
| Current Fiscal Year Debt Exclusion | 6,691,107       | 6,824,558      | 6,106,818      | 1,534,203     | 1,578,047     |
| Tax Levy Limit                     | 62,337,379      | 60,555,296     | 58,030,882     | 51,672,104    | 49,943,124    |
| Tax Levy                           | 61,989,867      | 60,236,440     | 57,723,102     | 51,641,474    | 49,937,279    |
| Unused Levy Capacity (4)           | 347,512 (6)     | 318,856 (6)    | 307,780 (6)    | 30,630        | 5,845         |
| Unused Primary Levy Capacity (5)   | \$ 55,446,680   | \$ 53,147,261  | \$ 50,132,339  | \$ 48,414,530 | \$ 47,300,208 |

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

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

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Ceiling less Growth Levy Limit.

(6) \$300,000 not levied as an offset to debt exclusions for middle school and public safety complex.

### Initiative Petitions

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

## Community Preservation Act

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

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

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

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

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

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

| Fiscal<br>Year | Surcharge    | State Matching<br>Funds | CPA Fund<br>Balance |
|----------------|--------------|-------------------------|---------------------|
| 2017           | \$ 1,451,844 | \$ 310,246              | \$ 8,671,987        |
| 2016           | 1,377,760    | 396,304                 | 8,204,881           |
| 2015           | 1,224,067    | 407,734                 | 2,319,116           |
| 2014           | 1,176,227    | 648,377                 | 6,670,373           |
| 2013           | 1,128,807    | 321,446                 | 7,000,063           |
| 2012           | 1,059,948    | 299,740                 | 6,141,277           |

## TOWN FINANCES

### The Budget and Appropriation Process

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

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

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

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

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

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

### Operating Budget Trends

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

|                      | Appropriated<br>Fiscal 2018 | Appropriated<br>Fiscal 2017 | Appropriated<br>Fiscal 2016 | Appropriated<br>Fiscal 2015 | Appropriated<br>Fiscal 2014 |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Government   | \$ 3,766,042                | \$ 3,466,921                | \$ 3,350,995                | \$ 3,163,025                | \$ 2,920,731                |
| Public Safety        | 9,169,645                   | 9,022,898                   | 8,804,102                   | 8,384,084                   | 8,027,982                   |
| Public Works         | 4,206,862                   | 4,068,586                   | 3,863,071                   | 3,798,519                   | 3,659,941                   |
| Human Services       | 602,613                     | 612,270                     | 666,995                     | 680,552                     | 624,975                     |
| Education            | 36,875,221                  | 35,668,257                  | 34,869,841                  | 33,276,333                  | 31,887,479                  |
| Culture & Recreation | 1,193,680                   | 1,160,083                   | 1,140,483                   | 1,105,033                   | 1,111,952                   |
| Debt                 | 7,589,131                   | 7,715,806                   | 6,954,468                   | 2,365,652                   | 2,362,632                   |
| Employee Benefits    | 11,543,495                  | 11,088,662                  | 10,410,603                  | 9,912,257                   | 9,515,307                   |
| Total                | <u>\$ 74,946,689</u>        | <u>\$ 72,803,483</u>        | <u>\$ 70,060,558</u>        | <u>\$ 62,685,455</u>        | <u>\$ 60,110,999</u>        |

Source: Town Accountant.



## Education Reform

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

## Revenues

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

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

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

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

| <u>Fiscal<br/>Year</u> | <u>Aid to<br/>Education</u> | <u>Other</u> | <u>Total<br/>State Aid</u> |
|------------------------|-----------------------------|--------------|----------------------------|
| 2018 (est.)            | \$5,487,510                 | \$2,193,811  | \$7,681,321                |
| 2017                   | 5,476,793                   | 2,102,087    | 7,578,880                  |
| 2016                   | 5,185,901                   | 2,343,216    | 7,529,117                  |
| 2015                   | 5,110,701                   | 1,942,830    | 7,053,531                  |
| 2014                   | 5,034,826                   | 1,901,811    | 6,936,637                  |
| 2013                   | 4,957,576                   | 1,712,220    | 6,669,796                  |

Source: Town Accountant.

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

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

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

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

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

On December 3, 2014, the Town approved a \$75,000,000 high school/middle school renovation project in which the Town expects 44.06% reimbursement from the MSBA. The Town's estimated local share of the project is approximately \$54,248,947. \$50,000,000 bond proceeds and \$18,595,054 grants have been received to date. The new middle school opened to students in September 2017.

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

| <u>Fiscal Year</u> | <u>Receipts (1)</u> |
|--------------------|---------------------|
| 2017               | \$3,051,513         |
| 2016               | 2,891,514           |
| 2015               | 2,750,181           |
| 2014               | 2,633,755           |
| 2013               | 2,402,057           |

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

**Water Rates and Services:** The Water Division of the Department of Public Works is responsible for the operation and maintenance of the water treatment plant, six water wells, two booster stations, two water storage tanks, three corrosion control stations, three surface water supplies, 300 acres of watershed, 105 miles of water distribution system, 275 fire hydrants, and 8,000 water meters.

The Water Division employs a staff of twelve appropriately licensed professional individuals who are responsible for the maintenance and operation of nearly 50 million dollars of assets with an annual operating budget of \$3,923,495. A population of more than 18,000 - which increases to approximately 30,000 during the summer months - consumes an average of 1.9 million gallons of water each day.

On July 1, 1999, the Town placed water services, which are provided to nearly 100 percent of the Town, on an enterprise fund basis. The Town has a planned upgrade program in place for water system infrastructure improvements while keeping the fund self-supporting, and has a policy of increasing rates each year. Charges for water usage are billed quarterly. Water rates increased 10% in fiscal 2014, 19% in fiscal 2015 and 19% in fiscal 2016 to finance the \$22,000,000 initiative to replace approximately 21 miles of cast iron water pipes. As of July 1, 2015, the rates per quarter for residential water consumption are \$1.16 per 100 cubic feet up to the first 1200 cubic feet, with a minimum charge of \$61.75 for a 5/8 inch meter. The service charge is higher for larger sized meters. Usage between 1,201-3,000 cubic feet is billed at a rate of \$5.04 per 100 cubic feet. All usage in excess of 3,000 cubic feet is billed at a rate of \$8.19 per 100 cubic feet. All commercial usage is billed at a rate of \$5.38 per 100 cubic feet.

**Sewer Rates and Services:** The Sewer Division of the Department of Public Works is responsible for the operations and maintenance of the Scituate Wastewater Treatment Plant (WWTP) and 24 miles of sewers, which make up the Scituate Sewer Collection System. This serves 33% of the community. The WWTP was operational in November 1967 and was originally designated to treat an average daily flow of 1.0 million gallons per day (mgd). The WWTP was designated as a secondary treatment plant utilizing the extended aeration mode of the activated sludge (microorganisms) process.

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

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

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

The sewer rate is a minimum charge of \$58.50 per quarter plus \$4.70 per hundred cubic feet of water consumption in excess of 625 hundred cubic feet per quarter. The Town has a comprehensive plan for sewer expansion funded by users, and sewer rates have been increased to fund upgrade expansions.

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

**Local Option Meals Tax:** Effective July 1, 2013, the Town adopted the local meals excise tax. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. This tax generated the following in prior fiscal years:

| <u>Fiscal Year</u> |        | <u>Amount</u> |
|--------------------|--------|---------------|
| 2018               | (est.) | \$ 245,000    |
| 2017               |        | 258,981       |
| 2016               |        | 256,452       |
| 2015               |        | 234,847       |
| 2014               | (1)    | 164,190       |

## **Annual Audits**

The Town of Scituate is audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2017 audit is attached hereto as Appendix A.

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

## **Financial Statements**

Set forth on the following pages is a Governmental Funds Balance Sheets for fiscal years ending June 30, 2017, June 30, 2016, and June 30, 2015 and a Statement of Revenues, Expenditures and changes in Fund Balance for fiscal years ended June 30, 2017 through June 30, 2013. Said statements were extracted from the Town's audited financials.

**TOWN OF SCITUATE, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2017 (1)**

|   | General<br>Fund      | Community<br>Preservation | Affordable<br>Housing | Town Capital<br>Projects | Middle<br>School<br>Constructoin | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                           |                       |                          |                                  |                                   |                                |
| Cash and short-term investments                                       | \$ 14,369,697        | \$ 8,794,660              | \$ 751,614            | \$ 2,345,495             | \$ 11,271,096                    | \$ 9,702,225                      | \$ 47,234,787                  |
| Receivables, net of allowance for uncollectibles                      |                      |                           |                       |                          |                                  |                                   |                                |
| Real estate and personal property taxes                               | 1,050,952            | 15,352                    | -                     | -                        | -                                | -                                 | 1,066,304                      |
| Tax liens   | 693,533              | 17,548                    | -                     | -                        | -                                | -                                 | 711,081                        |
| Motor vehicle and other excise taxes                                  | 208,487              | -                         | -                     | -                        | -                                | -                                 | 208,487                        |
| Departmental and other  | 138,141              | -                         | -                     | -                        | -                                | 5,500                             | 143,641                        |
| Special assessments   | 178,863              | -                         | -                     | -                        | -                                | 2,000                             | 180,863                        |
| Intergovernmental   | -                    | 217,777                   | -                     | -                        | 188,511                          | 2,514,477                         | 2,920,765                      |
| Tax foreclosures  | 521,719              | -                         | -                     | -                        | -                                | -                                 | 521,719                        |
| Due from other funds  | 57,902               | -                         | -                     | -                        | -                                | -                                 | 57,902                         |
| Total assets  | <u>\$ 17,219,294</u> | <u>\$ 9,045,337</u>       | <u>\$ 751,614</u>     | <u>\$ 2,345,495</u>      | <u>\$ 11,459,607</u>             | <u>\$ 12,224,202</u>              | <u>\$ 53,045,549</u>           |
| <b>LIABILITIES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Warrants payable  | 323,899              | 117,143                   | -                     | 295,332                  | 3,572,643                        | 1,743,144                         | 6,052,161                      |
| Accrued payroll   | 646,358              | -                         | -                     | -                        | 975                              | 56,050                            | 703,383                        |
| Abandoned property  | 55,369               | -                         | -                     | -                        | -                                | -                                 | 55,369                         |
| Due to other funds  | -                    | -                         | -                     | -                        | -                                | 57,902                            | 57,902                         |
| Notes payable   | -                    | -                         | -                     | 5,288,000                | -                                | 1,300,000                         | 6,588,000                      |
| Total liabilities   | <u>1,025,626</u>     | <u>117,143</u>            | <u>-</u>              | <u>5,583,332</u>         | <u>3,573,618</u>                 | <u>3,157,096</u>                  | <u>13,456,815</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                           |                       |                          |                                  |                                   |                                |
| Taxes paid in advance   | 140,218              | 5,529                     | -                     | -                        | -                                | -                                 | 145,747                        |
| Unavailable revenue   | 2,440,119            | 32,900                    | -                     | -                        | -                                | 394,996                           | 2,868,015                      |
| Total Deferred Inflows of Resources                                   | <u>2,580,337</u>     | <u>38,429</u>             | <u>-</u>              | <u>-</u>                 | <u>-</u>                         | <u>394,996</u>                    | <u>3,013,762</u>               |
| <b>FUND BALANCES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Nonspendable  | -                    | -                         | -                     | -                        | -                                | 27,051                            | 27,051                         |
| Restricted  | 510,884              | 8,889,765                 | 751,614               | -                        | 7,885,989                        | 10,157,168                        | 28,195,420                     |
| Committed   | 3,255,428            | -                         | -                     | -                        | -                                | -                                 | 3,255,428                      |
| Assigned  | 1,360,521            | -                         | -                     | -                        | -                                | -                                 | 1,360,521                      |
| Unassigned  | 8,486,498            | -                         | -                     | (3,237,837)              | -                                | (1,512,109)                       | 3,736,552                      |
| Total fund balances   | <u>13,613,331</u>    | <u>8,889,765</u>          | <u>751,614</u>        | <u>(3,237,837)</u>       | <u>7,885,989</u>                 | <u>8,672,110</u>                  | <u>36,574,972</u>              |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 17,219,294</u> | <u>\$ 9,045,337</u>       | <u>\$ 751,614</u>     | <u>\$ 2,345,495</u>      | <u>\$ 11,459,607</u>             | <u>\$ 12,224,202</u>              | <u>\$ 53,045,549</u>           |

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

**TOWN OF SCITUATE, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016 (1)**

|   | General<br>Fund      | Community<br>Preservation | Affordable<br>Housing | Town Capital<br>Projects | Middle<br>School<br>Constructoin | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                           |                       |                          |                                  |                                   |                                |
| Cash and short-term investments                                       | \$ 12,902,244        | \$ 8,324,502              | \$ 756,446            | \$ 13,117,283            | \$ 41,990,156                    | \$ 9,725,854                      | \$ 86,816,485                  |
| Receivables, net of allowance for uncollectibles                      |                      |                           |                       |                          |                                  |                                   |                                |
| Real estate and personal property taxes                               | 1,086,429            | 14,523                    | -                     | -                        | -                                | -                                 | 1,100,952                      |
| Tax liens   | 886,985              | 20,565                    | -                     | -                        | -                                | -                                 | 907,550                        |
| Motor vehicle and other excise taxes                                  | 201,528              | -                         | -                     | -                        | -                                | -                                 | 201,528                        |
| Departmental and other  | 159,531              | -                         | -                     | -                        | -                                | 5,903                             | 165,434                        |
| Special assessments   | 198,081              | -                         | -                     | -                        | -                                | 2,500                             | 200,581                        |
| Intergovernmental   | -                    | 310,246                   | -                     | -                        | 1,972,655                        | 2,022,567                         | 4,305,468                      |
| Tax foreclosures  | 377,376              | -                         | -                     | -                        | -                                | -                                 | 377,376                        |
| Due from other funds  | -                    | -                         | -                     | -                        | -                                | 671,741                           | 671,741                        |
| Total assets  | <u>\$ 15,812,174</u> | <u>\$ 8,669,836</u>       | <u>\$ 756,446</u>     | <u>\$ 13,117,283</u>     | <u>\$ 43,962,811</u>             | <u>\$ 12,428,565</u>              | <u>\$ 94,747,115</u>           |
| <b>LIABILITIES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Warrants payable  | 282,140              | 335,495                   | -                     | 1,544,221                | 4,121,089                        | 397,215                           | 6,680,160                      |
| Accrued liabilities   | 568,286              | -                         | -                     | -                        | -                                | -                                 | 568,286                        |
| Accrued payroll   | 575,649              | 453                       | -                     | -                        | -                                | 76,219                            | 652,321                        |
| Abandoned property  | 54,567               | -                         | -                     | -                        | -                                | -                                 | 54,567                         |
| Due to other funds  | -                    | -                         | -                     | -                        | -                                | 671,741                           | 671,741                        |
| Notes payable   | -                    | -                         | -                     | 2,800,000                | -                                | -                                 | 2,800,000                      |
| Total liabilities   | <u>1,480,642</u>     | <u>335,948</u>            | <u>-</u>              | <u>4,344,221</u>         | <u>4,121,089</u>                 | <u>1,145,175</u>                  | <u>11,427,075</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                           |                       |                          |                                  |                                   |                                |
| Taxes paid in advance   | 100,839              | 5,351                     | -                     | -                        | -                                | -                                 | 106,190                        |
| Unavailable revenue   | 2,530,422            | 35,089                    | -                     | -                        | -                                | 986,186                           | 3,551,697                      |
| Total Deferred Inflows of Resources                                   | <u>2,631,261</u>     | <u>40,440</u>             | <u>-</u>              | <u>-</u>                 | <u>-</u>                         | <u>986,186</u>                    | <u>3,657,887</u>               |
| <b>FUND BALANCES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Nonspendable  | -                    | -                         | -                     | -                        | -                                | 27,051                            | 27,051                         |
| Restricted  | 501,782              | 8,293,448                 | 756,446               | 8,773,062                | 39,841,722                       | 10,270,153                        | 68,436,613                     |
| Committed   | 2,547,389            | -                         | -                     | -                        | -                                | -                                 | 2,547,389                      |
| Assigned  | 949,163              | -                         | -                     | -                        | -                                | -                                 | 949,163                        |
| Unassigned  | 7,701,937            | -                         | -                     | -                        | -                                | -                                 | 7,701,937                      |
| Total fund balances   | <u>11,700,271</u>    | <u>8,293,448</u>          | <u>756,446</u>        | <u>8,773,062</u>         | <u>39,841,722</u>                | <u>10,297,204</u>                 | <u>79,662,153</u>              |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 15,812,174</u> | <u>\$ 8,669,836</u>       | <u>\$ 756,446</u>     | <u>\$ 13,117,283</u>     | <u>\$ 43,962,811</u>             | <u>\$ 12,428,565</u>              | <u>\$ 94,747,115</u>           |

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

**TOWN OF SCITUATE, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2015 (1)**

|   | General<br>Fund      | Community<br>Preservation | Affordable<br>Housing | Town Capital<br>Projects | Middle<br>School<br>Constructoin | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------------|-----------------------|--------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>   |                      |                           |                       |                          |                                  |                                   |                                |
| Cash and short-term investments                                       | \$ 17,510,418        | \$ 7,241,670              | \$ 985,549            | \$ 15,799,315            | \$ 45,355,022                    | \$ 12,339,408                     | \$ 99,231,382                  |
| Receivables, net of allowance for uncollectibles                      |                      |                           |                       |                          |                                  |                                   |                                |
| Real estate and personal property taxes                               | 892,369              | 11,423                    | -                     | -                        | -                                | -                                 | 903,792                        |
| Tax liens   | 1,059,777            | 23,692                    | -                     | -                        | -                                | -                                 | 1,083,469                      |
| Motor vehicle and other excise taxes                                  | 191,599              | -                         | -                     | -                        | -                                | -                                 | 191,599                        |
| Departmental and other  | 179,451              | -                         | -                     | -                        | -                                | 6,750                             | 186,201                        |
| Special assessments   | 216,236              | -                         | -                     | -                        | -                                | 3,000                             | 219,236                        |
| Intergovernmental   | -                    | 396,304                   | -                     | -                        | -                                | 1,511,916                         | 1,908,220                      |
| Tax foreclosures  | 310,451              | -                         | -                     | -                        | -                                | -                                 | 310,451                        |
| Due from other funds  | -                    | -                         | -                     | -                        | -                                | 66,149                            | 66,149                         |
| Total assets  | <u>\$ 20,360,301</u> | <u>\$ 7,673,089</u>       | <u>\$ 985,549</u>     | <u>\$ 15,799,315</u>     | <u>\$ 45,355,022</u>             | <u>\$ 13,927,223</u>              | <u>\$ 104,100,499</u>          |
| <b>LIABILITIES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Warrants payable  | 501,582              | 74,096                    | -                     | 233,237                  | 469,101                          | 293,130                           | 1,571,146                      |
| Accrued liabilities   | 536,390              | -                         | -                     | -                        | -                                | -                                 | 536,390                        |
| Accrued payroll   | 529,521              | -                         | -                     | -                        | -                                | 42,152                            | 571,673                        |
| Abandoned property  | 51,203               | -                         | -                     | -                        | -                                | -                                 | 51,203                         |
| Taxes paid in advance   | 132,508              | 5,824                     | -                     | -                        | -                                | -                                 | 138,332                        |
| Due to other funds  | -                    | -                         | -                     | -                        | -                                | 66,149                            | 66,149                         |
| Total liabilities   | <u>1,751,204</u>     | <u>79,920</u>             | <u>-</u>              | <u>233,237</u>           | <u>469,101</u>                   | <u>401,431</u>                    | <u>2,934,893</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                           |                       |                          |                                  |                                   |                                |
| Unavailable revenue   | <u>2,567,095</u>     | <u>35,115</u>             | <u>-</u>              | <u>-</u>                 | <u>-</u>                         | <u>1,329,753</u>                  | <u>3,931,963</u>               |
| <b>FUND BALANCES</b>  |                      |                           |                       |                          |                                  |                                   |                                |
| Nonspendable  | -                    | -                         | -                     | -                        | -                                | 27,051                            | 27,051                         |
| Restricted  | 5,649,548            | 7,558,054                 | 985,549               | 15,566,078               | 44,885,921                       | 12,172,406                        | 86,817,556                     |
| Committed   | 2,083,919            | -                         | -                     | -                        | -                                | -                                 | 2,083,919                      |
| Assigned  | 1,662,421            | -                         | -                     | -                        | -                                | -                                 | 1,662,421                      |
| Unassigned  | 6,646,114            | -                         | -                     | -                        | -                                | (3,418)                           | 6,642,696                      |
| Total fund balances   | <u>16,042,002</u>    | <u>7,558,054</u>          | <u>985,549</u>        | <u>15,566,078</u>        | <u>44,885,921</u>                | <u>12,196,039</u>                 | <u>97,233,643</u>              |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 20,360,301</u> | <u>\$ 7,673,089</u>       | <u>\$ 985,549</u>     | <u>\$ 15,799,315</u>     | <u>\$ 45,355,022</u>             | <u>\$ 13,927,223</u>              | <u>\$ 104,100,499</u>          |

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

**TOWN OF SCITUATE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2017 (1)**

|  | General              | Community<br>Preservation | Affordable<br>Housing | Town<br>Capital<br>Projects | Middle<br>School<br>Construction | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------|-----------------------|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds | \$ 59,718,484        | \$ -                      | \$ -                  | \$ -                        | \$ -                             | \$ -                              | \$ 59,718,484                  |
| Tax liens  | 478,175              | 9,941                     | -                     | -                           | -                                | -                                 | 488,116                        |
| Motor vehicle and other excise taxes                           | 3,350,152            | -                         | -                     | -                           | -                                | -                                 | 3,350,152                      |
| Penalties and interest   | 478,705              | 4,927                     | -                     | -                           | -                                | -                                 | 483,632                        |
| Fees and rentals   | 526,908              | -                         | -                     | -                           | -                                | -                                 | 526,908                        |
| Licenses and permits   | 659,832              | -                         | -                     | -                           | -                                | 277,563                           | 937,395                        |
| Fines and forfeitures  | 99,438               | -                         | -                     | -                           | -                                | 1,425                             | 100,863                        |
| Intergovernmental  | 16,548,339           | 217,777                   | -                     | -                           | 11,353,976                       | 12,071,701                        | 40,191,793                     |
| Departmental and other   | 1,103,674            | -                         | -                     | -                           | -                                | 4,080,433                         | 5,184,107                      |
| Community preservation surtax                                  | -                    | 1,431,186                 | -                     | -                           | -                                | -                                 | 1,431,186                      |
| Contributions  | 458,316              | -                         | -                     | -                           | -                                | 423,760                           | 882,076                        |
| Investment income  | -                    | 71,075                    | 6,885                 | -                           | -                                | 5,777                             | 83,737                         |
| Total Revenues   | <u>\$ 83,422,023</u> | <u>\$ 1,734,906</u>       | <u>\$ 6,885</u>       | <u>\$ -</u>                 | <u>\$ 11,353,976</u>             | <u>\$ 16,860,659</u>              | <u>\$ 113,378,449</u>          |
| <b>EXPENDITURES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Current:   |                      |                           |                       |                             |                                  |                                   |                                |
| General government   | 3,385,797            | -                         | 11,717                | 79,816                      | -                                | 2,351,596                         | 5,828,926                      |
| Public safety  | 9,566,984            | -                         | -                     | 10,568,328                  | -                                | 243,668                           | 20,378,980                     |
| Education  | 35,796,254           | -                         | -                     | -                           | 43,394,248                       | 4,694,792                         | 83,885,294                     |
| Public works   | 3,962,774            | -                         | -                     | 4,778,216                   | -                                | 3,507,962                         | 12,248,952                     |
| Human services   | 560,789              | -                         | -                     | -                           | -                                | 332,095                           | 892,884                        |
| Culture and recreation   | 1,066,380            | -                         | -                     | -                           | -                                | 6,710,570                         | 7,776,950                      |
| Community preservation   | -                    | 1,138,589                 | -                     | -                           | -                                | -                                 | 1,138,589                      |
| Pension benefits   | 13,067,450           | -                         | -                     | -                           | -                                | -                                 | 13,067,450                     |
| Employee benefits  | 6,519,284            | -                         | -                     | -                           | -                                | -                                 | 6,519,284                      |
| State and county charges                                       | 690,039              | -                         | -                     | -                           | -                                | -                                 | 690,039                        |
| Debt service:  |                      |                           |                       |                             |                                  |                                   |                                |
| Principal  | 4,423,512            | -                         | -                     | -                           | -                                | -                                 | 4,423,512                      |
| Interest   | 3,285,814            | -                         | -                     | -                           | -                                | -                                 | 3,285,814                      |
| Total Expenditures   | <u>82,325,077</u>    | <u>1,138,589</u>          | <u>11,717</u>         | <u>15,426,360</u>           | <u>43,394,248</u>                | <u>17,840,683</u>                 | <u>160,136,674</u>             |
| Excess (Deficiency) of Revenues Over<br>Expenditures           | 1,096,946            | 596,317                   | (4,832)               | (15,426,360)                | (32,040,272)                     | (980,024)                         | (46,758,225)                   |
| Other Financing Sources (Uses):                                |                      |                           |                       |                             |                                  |                                   |                                |
| Issuance of bonds and notes                                    | -                    | -                         | -                     | 3,500,000                   | -                                | -                                 | 3,500,000                      |
| Premium from issuance of refunding bonds                       | 34,648               | -                         | -                     | -                           | -                                | -                                 | 34,648                         |
| Transfer in  | 1,442,237            | -                         | -                     | -                           | -                                | -                                 | 1,442,237                      |
| Transfer out   | (660,771)            | -                         | -                     | -                           | -                                | (645,070)                         | (1,305,841)                    |
| Total Expenditures and Other Financing Uses                    | <u>816,114</u>       | <u>-</u>                  | <u>-</u>              | <u>3,500,000</u>            | <u>-</u>                         | <u>(645,070)</u>                  | <u>3,671,044</u>               |
| Net Change in Fund Balances                                    | 1,913,060            | 596,317                   | (4,832)               | (11,926,360)                | (32,040,272)                     | (1,625,094)                       | (43,087,181)                   |
| Fund Balances - Beginning of Year                              | 11,700,271           | 8,293,448                 | 756,446               | 8,688,523                   | 39,926,261                       | 10,297,204                        | 79,662,153                     |
| Fund Balances - End of Year                                    | <u>\$ 13,613,331</u> | <u>\$ 8,889,765</u>       | <u>\$ 751,614</u>     | <u>\$ (3,237,837)</u>       | <u>\$ 7,885,989</u>              | <u>\$ 8,672,110</u>               | <u>\$ 36,574,972</u>           |

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



**TOWN OF SCITUATE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2016 (1)**

|  | General              | Community<br>Preservation | Affordable<br>Housing | Town<br>Capital<br>Projects | Middle<br>School<br>Construction | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------|-----------------------|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds | \$ 57,169,767        | \$ -                      | \$ -                  | \$ -                        | \$ -                             | \$ -                              | \$ 57,169,767                  |
| Tax liens  | 464,165              | 8,445                     | -                     | -                           | -                                | -                                 | 472,610                        |
| Motor vehicle and other excise taxes                           | 3,188,658            | -                         | -                     | -                           | -                                | -                                 | 3,188,658                      |
| Penalties and interest   | 446,788              | 4,620                     | -                     | -                           | -                                | -                                 | 451,408                        |
| Fees and rentals   | 547,967              | -                         | -                     | -                           | -                                | -                                 | 547,967                        |
| Licenses and permits   | 649,666              | -                         | -                     | -                           | -                                | 282,865                           | 932,531                        |
| Fines and forfeitures  | 75,202               | -                         | -                     | -                           | -                                | 1,640                             | 76,842                         |
| Intergovernmental  | 14,086,677           | 310,246                   | -                     | -                           | 5,277,875                        | 5,817,049                         | 25,491,847                     |
| Departmental and other   | 1,128,391            | -                         | -                     | -                           | -                                | 4,092,761                         | 5,221,152                      |
| Community preservation surtax                                  | -                    | 1,355,659                 | -                     | -                           | -                                | -                                 | 1,355,659                      |
| Contributions  | -                    | -                         | -                     | -                           | -                                | 540,353                           | 540,353                        |
| Investment income  | 544,826              | 50,777                    | 5,519                 | -                           | -                                | 10,376                            | 611,498                        |
| Total Revenues   | <u>\$ 78,302,107</u> | <u>\$ 1,729,747</u>       | <u>\$ 5,519</u>       | <u>\$ -</u>                 | <u>\$ 5,277,875</u>              | <u>\$ 10,745,044</u>              | <u>\$ 96,060,292</u>           |
| <b>EXPENDITURES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Current:   |                      |                           |                       |                             |                                  |                                   |                                |
| General government   | 3,381,966            | -                         | 234,622               | 32,322                      | -                                | 1,332,541                         | 4,981,451                      |
| Public safety  | 8,639,142            | -                         | -                     | 6,641,272                   | -                                | 330,229                           | 15,610,643                     |
| Education  | 35,931,906           | -                         | -                     | -                           | 13,981,612                       | 4,157,562                         | 54,071,080                     |
| Public works   | 4,393,169            | -                         | -                     | 1,941,933                   | -                                | 1,578,649                         | 7,913,751                      |
| Human services   | 610,705              | -                         | -                     | -                           | -                                | 225,959                           | 836,664                        |
| Culture and recreation   | 959,860              | -                         | -                     | -                           | -                                | 4,885,086                         | 5,844,946                      |
| Community preservation   | -                    | 994,353                   | -                     | -                           | -                                | -                                 | 994,353                        |
| Pension benefits   | 10,521,634           | -                         | -                     | -                           | -                                | -                                 | 10,521,634                     |
| Employee benefits  | 6,080,414            | -                         | -                     | -                           | -                                | -                                 | 6,080,414                      |
| State and county charges                                       | 561,038              | -                         | -                     | -                           | -                                | -                                 | 561,038                        |
| Debt service:  |                      |                           |                       |                             |                                  |                                   |                                |
| Principal  | 4,459,856            | -                         | -                     | -                           | -                                | -                                 | 4,459,856                      |
| Principal - current refundings - payment to escrow agent       | 564,514              | -                         | -                     | -                           | -                                | -                                 | 564,514                        |
| Interest   | 2,835,437            | -                         | -                     | -                           | -                                | -                                 | 2,835,437                      |
| Total Expenditures   | <u>78,939,641</u>    | <u>994,353</u>            | <u>234,622</u>        | <u>8,615,527</u>            | <u>13,981,612</u>                | <u>12,510,026</u>                 | <u>115,275,781</u>             |
| Excess (Deficiency) of Revenues Over<br>Expenditures           | (637,534)            | 735,394                   | (229,103)             | (8,615,527)                 | (8,703,737)                      | (1,764,982)                       | (19,215,489)                   |
| Other Financing Sources (Uses):                                |                      |                           |                       |                             |                                  |                                   |                                |
| Issuance of bonds and notes                                    | 529,100              | -                         | -                     | -                           | -                                | -                                 | 529,100                        |
| Premium from issuance of refunding bonds                       | 35,414               | -                         | -                     | -                           | -                                | -                                 | 35,414                         |
| Capital lease financing  | 1,008,059            | -                         | -                     | -                           | -                                | -                                 | -                              |
| Transfer in  | 1,345,450            | -                         | -                     | 2,002,015                   | 3,659,538                        | 485,106                           | 7,492,109                      |
| Transfer out   | (6,622,220)          | -                         | -                     | (179,504)                   | -                                | (618,959)                         | (7,420,683)                    |
| Total Expenditures and Other Financing Uses                    | <u>(3,704,197)</u>   | <u>-</u>                  | <u>-</u>              | <u>1,822,511</u>            | <u>3,659,538</u>                 | <u>(133,853)</u>                  | <u>635,940</u>                 |
| Net Change in Fund Balances                                    | (4,341,731)          | 735,394                   | (229,103)             | (6,793,016)                 | (5,044,199)                      | (1,898,835)                       | (17,571,490)                   |
| Fund Balances - Beginning of Year                              | 16,042,002           | 7,558,054                 | 985,549               | 15,566,078                  | 44,885,921                       | 12,196,039                        | 97,233,643                     |
| Fund Balances - End of Year                                    | <u>\$ 11,700,271</u> | <u>\$ 8,293,448</u>       | <u>\$ 756,446</u>     | <u>\$ 8,773,062</u>         | <u>\$ 39,841,722</u>             | <u>\$ 10,297,204</u>              | <u>\$ 79,662,153</u>           |

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

**TOWN OF SCITUATE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2015 (1)**

|  | General              | Community<br>Preservation | Affordable<br>Housing | Town<br>Capital<br>Projects | Middle<br>School<br>Construction | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------|-----------------------|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds | \$ 51,176,629        | \$ -                      | \$ -                  | \$ -                        | \$ -                             | \$ -                              | \$ 51,176,629                  |
| Tax liens  | 406,612              | 8,879                     | -                     | -                           | -                                | -                                 | 415,491                        |
| Motor vehicle and other excise taxes                           | 3,025,388            | -                         | -                     | -                           | -                                | -                                 | 3,025,388                      |
| Penalties and interest   | 416,635              | 5,365                     | -                     | -                           | -                                | -                                 | 422,000                        |
| Fees and rentals   | 501,748              | -                         | -                     | -                           | -                                | 3,100                             | 504,848                        |
| Licenses and permits   | 561,077              | -                         | -                     | -                           | -                                | 251,310                           | 812,387                        |
| Fines and forfeitures  | 68,513               | -                         | -                     | -                           | -                                | -                                 | 68,513                         |
| Intergovernmental  | 11,376,206           | 1,063,211                 | -                     | -                           | 1,004,122                        | 4,600,585                         | 18,044,124                     |
| Departmental and other   | 1,192,815            | -                         | -                     | -                           | -                                | 3,873,814                         | 5,066,629                      |
| Community preservation surtax                                  | -                    | 1,203,127                 | -                     | -                           | -                                | -                                 | 1,203,127                      |
| Contributions  | -                    | -                         | -                     | -                           | -                                | 696,070                           | 696,070                        |
| Investment income  | 154,088              | 19,636                    | 7,551                 | -                           | -                                | 5,061                             | 186,336                        |
| Total Revenues   | <u>\$ 68,879,711</u> | <u>\$ 2,300,218</u>       | <u>\$ 7,551</u>       | <u>\$ -</u>                 | <u>\$ 1,004,122</u>              | <u>\$ 9,429,940</u>               | <u>\$ 81,621,542</u>           |
| <b>EXPENDITURES:</b>   |                      |                           |                       |                             |                                  |                                   |                                |
| Current:   |                      |                           |                       |                             |                                  |                                   |                                |
| General government   | 2,817,201            | -                         | 11,295                | -                           | -                                | 955,878                           | 3,784,374                      |
| Public safety  | 8,496,394            | -                         | -                     | 1,615,135                   | -                                | 838,264                           | 10,949,793                     |
| Education  | 34,316,537           | -                         | -                     | -                           | 2,543,201                        | 4,788,995                         | 41,648,733                     |
| Public works   | 4,770,286            | -                         | -                     | 442,838                     | -                                | 639,688                           | 5,852,812                      |
| Human services   | 633,738              | -                         | -                     | -                           | -                                | 167,005                           | 800,743                        |
| Culture and recreation   | 1,029,128            | -                         | -                     | -                           | -                                | 1,222,511                         | 2,251,639                      |
| Community preservation   | -                    | 1,819,538                 | -                     | -                           | -                                | -                                 | 1,819,538                      |
| Pension benefits   | 8,032,901            | -                         | -                     | -                           | -                                | -                                 | 8,032,901                      |
| Employee benefits  | 5,757,387            | -                         | -                     | -                           | -                                | -                                 | 5,757,387                      |
| State and county charges                                       | 499,806              | -                         | -                     | -                           | -                                | -                                 | 499,806                        |
| Debt service:  |                      |                           |                       |                             |                                  |                                   |                                |
| Principal  | 1,581,856            | -                         | -                     | -                           | -                                | -                                 | 1,581,856                      |
| Principal - current refundings - payment to escrow agent       | 4,818,188            | -                         | -                     | -                           | -                                | -                                 | 4,818,188                      |
| Interest   | 533,531              | -                         | -                     | -                           | -                                | -                                 | 533,531                        |
| Total Expenditures   | <u>73,286,953</u>    | <u>1,819,538</u>          | <u>11,295</u>         | <u>2,057,973</u>            | <u>2,543,201</u>                 | <u>8,612,341</u>                  | <u>88,331,301</u>              |
| Excess (Deficiency) of Revenues Over<br>Expenditures           | (4,407,242)          | 480,680                   | (3,744)               | (2,057,973)                 | (1,539,079)                      | 817,599                           | (6,709,759)                    |
| Other Financing Sources (Uses):                                |                      |                           |                       |                             |                                  |                                   |                                |
| Issuance of bonds and notes                                    | -                    | -                         | -                     | 16,688,000                  | 46,425,000                       | 5,145,000                         | 68,258,000                     |
| Issuance of refunding bonds                                    | 4,205,000            | -                         | -                     | -                           | -                                | -                                 | 4,205,000                      |
| Premium from issuance of bonds and notes                       | 5,300,269            | -                         | -                     | -                           | -                                | -                                 | 5,300,269                      |
| Premium from issuance of refunding bonds                       | 613,188              | -                         | -                     | -                           | -                                | -                                 | 613,188                        |
| Transfer in  | 883,414              | -                         | -                     | 225,000                     | -                                | 1,022,635                         | 2,131,049                      |
| Transfer out   | (1,012,513)          | -                         | -                     | -                           | -                                | (1,230,171)                       | (2,242,684)                    |
| Total Expenditures and Other Financing Uses                    | <u>9,989,358</u>     | <u>-</u>                  | <u>-</u>              | <u>16,913,000</u>           | <u>46,425,000</u>                | <u>4,937,464</u>                  | <u>78,264,822</u>              |
| Net Change in Fund Balances                                    | 5,582,116            | 480,680                   | (3,744)               | 14,855,027                  | 44,885,921                       | 5,755,063                         | 71,555,063                     |
| Fund Balances - Beginning of Year                              | 10,459,886           | 7,077,374                 | 989,293               | 711,051                     | -                                | 6,440,976                         | 25,678,580                     |
| Fund Balances - End of Year                                    | <u>\$ 16,042,002</u> | <u>\$ 7,558,054</u>       | <u>\$ 985,549</u>     | <u>\$ 15,566,078</u>        | <u>\$ 44,885,921</u>             | <u>\$ 12,196,039</u>              | <u>\$ 97,233,643</u>           |

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

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

|  | General              | Community<br>Preservation | Affordable<br>Housing | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------|-----------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                      |                           |                       |                                   |                                |
| Real estate and personal property taxes,<br>net of tax refunds | \$ 49,925,979        | \$ -                      | \$ -                  | \$ -                              | \$ 49,925,979                  |
| Motor vehicle and other excise taxes                           | 2,837,763            | -                         | -                     | -                                 | 2,837,763                      |
| Penalties and interest   | 397,984              | 5,079                     | -                     | -                                 | 403,063                        |
| Fees   | 417,458              | -                         | -                     | 1,950                             | 419,408                        |
| Licenses and permits   | 558,224              | -                         | -                     | 254,190                           | 812,414                        |
| Fines and forfeitures  | 99,660               | -                         | -                     | -                                 | 99,660                         |
| Intergovernmental  | 14,522,254           | 762,377                   | -                     | 4,395,727                         | 19,680,358                     |
| Departmental and other   | 1,053,788            | -                         | -                     | 3,597,086                         | 4,650,874                      |
| Community preservation surtax                                  | -                    | 1,166,312                 | -                     | -                                 | 1,166,312                      |
| Contributions  | -                    | -                         | -                     | 170,014                           | 170,014                        |
| Investment income  | 66,150               | 22,401                    | 1,893                 | 20,539                            | 110,983                        |
| Total Revenues   | <u>\$ 69,879,260</u> | <u>\$ 1,956,169</u>       | <u>\$ 1,893</u>       | <u>\$ 8,439,506</u>               | <u>\$ 80,276,828</u>           |
| <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                        |
| Total Expenditures   | <u>68,273,035</u>    | <u>2,171,859</u>          | <u>5,337</u>          | <u>10,613,280</u>                 | <u>81,063,511</u>              |
| Excess (Deficiency) of Revenues Over<br>Expenditures           | 1,606,225            | (215,690)                 | (3,444)               | (2,173,774)                       | (786,683)                      |
| Other Financing Sources (Uses):                                |                      |                           |                       |                                   |                                |
| Capital lease financing  | -                    | -                         | -                     | 239,937                           | 239,937                        |
| Transfer in  | 1,034,655            | -                         | -                     | 779,897                           | 1,814,552                      |
| Transfer out   | (1,548,405)          | -                         | -                     | (323,386)                         | (1,871,791)                    |
| Total Expenditures and Other Financing Uses                    | <u>(513,750)</u>     | <u>-</u>                  | <u>-</u>              | <u>696,448</u>                    | <u>182,698</u>                 |
| Net Change in Fund Balances                                    | 1,092,475            | (215,690)                 | (3,444)               | (1,477,326)                       | (603,985)                      |
| Fund Balances - Beginning of Year                              | 9,367,411            | 7,293,064                 | 992,737               | 8,629,353                         | 26,282,565                     |
| Fund Balances - End of Year                                    | <u>\$ 10,459,886</u> | <u>\$ 7,077,374</u>       | <u>\$ 989,293</u>     | <u>\$ 7,152,027</u>               | <u>\$ 25,678,580</u>           |

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

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

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

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

## Unassigned General Fund Balances and Free Cash

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

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

| <u>Year</u> | <u>Unassigned<br/>General Fund Balance<br/>As of June 30 (1)</u> | <u>Certified Free Cash<br/>for Fiscal Year<br/>Beginning July 1</u> |
|-------------|--|---|
| 2017        | \$8,486,498  | \$3,252,678   |
| 2016        | 7,701,937  | 3,247,133   |
| 2015        | 6,646,114  | 2,318,762   |
| 2014        | 6,966,806  | 2,701,293   |
| 2013        | 7,015,152  | 2,813,553   |
| 2012        | 6,863,867  | 2,123,316   |

(1) Source: Audited Financial Statements.

## Stabilization Fund

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

| <u>Year</u> | <u>Stabilization Fund<br/>as of June 30,</u> |
|-------------|--|
| 2017        | \$ 3,595,163                                 |
| 2016        | 2,950,820                                    |
| 2015        | 2,374,384                                    |
| 2014        | 3,179,056                                    |
| 2013        | 2,059,297                                    |

The Town transferred \$1,150,000 into the fund at the November 2015 Special Town Meeting to replace the monies that were used at the April 2015 Annual Town Meeting for emergency winter storm costs. The Town also voted to transfer in \$219,000 in excess levy capacity for fiscal year 2018. The fund balance as of November 30, 2017 was \$3,829,616.

## Capital Stabilization Fund

The Town established a capital stabilization fund at the November 2012 special town meeting. The balance at June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 was \$329,402, \$924,071, \$309,624 and \$738,094, respectively.

## Economic Development Stabilization Fund

The Town established an economic development stabilization fund at the April 2013 town meeting with a balance of \$0, \$13,540, \$23,619 and \$33,722 at June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017, respectively.

## Additional Funds

At the April 2015 special town meeting the Town created two additional stabilization funds. The Sewer Enterprise Capital Stabilization Fund with an initial balance of \$350,000 and a Water Enterprise Capital Stabilization Fund. The Sewer Enterprise fund had a balance as of \$352,746 as of June 30, 2017 and the Water Enterprise Capital Stabilization Fund had a balance of \$251,591 as of June 30, 2017.

The Golf Course Capital Stabilization Fund, which was established in April 2017, had a \$0 balance as of June 30, 2017 and had a \$15,000 balance as of November 30, 2017.

## **Tax Increment Financing for Development Districts**

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

## **Investment of Town Funds**

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

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

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

## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

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

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

### Debt Limits

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

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

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

### Types of Obligations

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

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

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

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

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

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

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

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

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

### **Revenue Anticipation Note Borrowing**

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



**Direct Debt Summary**  
**As of June 30, 2017 (1)**

**Long-Term Indebtedness**

General Obligation Bonds:

|                     |                   |                |
|---------------------|-------------------|----------------|
| Water (2)           | \$ 16,590,000     |                |
| School (3)          | 50,030,000        |                |
| General (4)         | 24,855,000        |                |
| Sewers & Drains (5) | 2,735,000         |                |
| MCWT (6)            | <u>12,269,588</u> |                |
| Total               |                   | \$ 106,479,588 |

**Short-Term Debt**

|  |                  |                   |
|--|------------------|-------------------|
| Bond Anticipation Notes Outstanding          | 13,358,000       |                   |
| This Issue New Money Bond Anticipation Notes | <u>1,581,000</u> |                   |
| Total (7)                                    |                  | <u>14,939,000</u> |

|                          |  |                                     |
|--------------------------|--|-------------------------------------|
| <b>Total Direct Debt</b> |  | <b><u><u>\$ 121,418,588</u></u></b> |
|--------------------------|--|-------------------------------------|

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) \$16,485,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$42,705,000 is outside the Town's general debt limit and \$47,615,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$18,100,000 is exempt from the limitations of Proposition 2 ½.
- (5) \$210,000 is outside the Town's general debt limit.
- (6) \$4,501,909 is outside the Town's general debt limit and \$637,076 is exempt from the limitations of Proposition 2 ½.
- (7) This issue, payable February 1, 2019.

**Debt Ratios**

|  | As of June 30, |               |               |              |              |
|--|----------------|---------------|---------------|--------------|--------------|
|  | <u>2017</u>    | <u>2016</u>   | <u>2015</u>   | <u>2014</u>  | <u>2013</u>  |
| Long Term Debt Outstanding (1)                       | \$106,479,588  | \$114,572,257 | \$123,336,923 | \$45,932,919 | \$50,875,921 |
| Debt per Capita                                      | \$5,499.98     | \$5,917.99    | \$6,370.71    | \$2,372.57   | \$2,627.89   |
| Percent of Assessed Valuation (2)                    | 2.49%          | 2.81%         | 3.13%         | 1.20%        | 1.35%        |
| Percent of Equalized Valuation (3)                   | 2.40%          | 2.79%         | 3.01%         | 1.11%        | 1.23%        |
| Debt per Capita as a Percent of per<br>Capita Income | 16.21%         | 17.44%        | 18.77%        | 6.99%        | 7.74%        |

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

**Outstanding Bonded Debt (1)  
Principal Payment by Purpose  
As of June 30, 2017**

| Fiscal Year | Water (2)            | School (3)           | General (4)          | Sewers & Drains (5) | MCWT (6)             | Total                 |
|-------------|----------------------|----------------------|----------------------|---------------------|----------------------|-----------------------|
| 2018        | \$ 955,000           | \$ 2,765,000         | \$ 1,700,000         | \$ 290,000          | \$ 1,809,488         | \$ 7,519,488          |
| 2019        | 905,000              | 2,755,000            | 1,565,000            | 290,000             | 1,855,173            | 7,370,173             |
| 2020        | 890,000              | 2,700,000            | 1,520,000            | 285,000             | 1,084,602            | 6,479,602             |
| 2021        | 890,000              | 2,680,000            | 1,495,000            | 285,000             | 1,077,853            | 6,427,853             |
| 2022        | 860,000              | 2,680,000            | 1,470,000            | 285,000             | 965,105              | 6,260,105             |
| 2023        | 840,000              | 2,680,000            | 1,455,000            | 285,000             | 990,295              | 6,250,295             |
| 2024        | 820,000              | 2,650,000            | 1,355,000            | 275,000             | 1,011,778            | 6,111,778             |
| 2025        | 815,000              | 2,635,000            | 1,095,000            | 220,000             | 584,587              | 5,349,587             |
| 2026        | 760,000              | 2,095,000            | 965,000              | 85,000              | 596,847              | 4,501,847             |
| 2027        | 760,000              | 1,935,000            | 970,000              | 85,000              | 306,941              | 4,056,941             |
| 2028        | 755,000              | 1,935,000            | 960,000              | 80,000              | 313,612              | 4,043,612             |
| 2029        | 750,000              | 1,935,000            | 960,000              | 80,000              | 320,428              | 4,045,428             |
| 2030        | 750,000              | 1,935,000            | 965,000              | 80,000              | 327,392              | 4,057,392             |
| 2031        | 745,000              | 1,925,000            | 965,000              | 75,000              | 334,507              | 4,044,507             |
| 2032        | 585,000              | 1,870,000            | 970,000              | 20,000              | 341,777              | 3,786,777             |
| 2033        | 585,000              | 1,870,000            | 950,000              | 15,000              | 349,205              | 3,769,205             |
| 2034        | 575,000              | 1,855,000            | 785,000              | -                   | -                    | 3,215,000             |
| 2035        | 575,000              | 1,855,000            | 785,000              | -                   | -                    | 3,215,000             |
| 2036        | 555,000              | 1,855,000            | 785,000              | -                   | -                    | 3,195,000             |
| 2037        | 555,000              | 1,855,000            | 785,000              | -                   | -                    | 3,195,000             |
| 2038        | 555,000              | 1,855,000            | 785,000              | -                   | -                    | 3,195,000             |
| 2039        | 555,000              | 1,855,000            | 785,000              | -                   | -                    | 3,195,000             |
| 2040        | 555,000              | 1,855,000            | 785,000              | -                   | -                    | 3,195,000             |
|             | <u>\$ 16,590,000</u> | <u>\$ 50,030,000</u> | <u>\$ 24,855,000</u> | <u>\$ 2,735,000</u> | <u>\$ 12,269,588</u> | <u>\$ 106,479,588</u> |

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) \$16,485,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$42,705,000 is outside the Town's general debt limit and \$47,615,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$18,100,000 is exempt from the limitations of Proposition 2 ½.
- (5) \$210,000 is outside the Town's general debt limit.
- (6) \$4,501,909 is outside the Town's general debt limit and \$637,076 is exempt from the limitations of Proposition 2 ½.

**Annual Debt Service  
As of June 30, 2017 (1)**

| Fiscal<br>Year | Outstanding (2)       |                      | MCWT<br>Subsidy       | Net<br>Debt Service   | Cumulative<br>% Principal<br>Retired |
|----------------|-----------------------|----------------------|-----------------------|-----------------------|--------------------------------------|
|                | Principal             | Interest             |                       |                       |                                      |
| 2018           | \$ 7,519,488          | \$ 4,223,778         | \$ (371,170)          | \$ 11,372,096         | 7.1 %                                |
| 2019           | 7,370,173             | 3,926,018            | (343,375)             | 10,952,815            | 14.0                                 |
| 2020           | 6,479,602             | 3,638,908            | (108,323)             | 10,010,186            | 20.1                                 |
| 2021           | 6,427,853             | 3,351,676            | (88,231)              | 9,691,297             | 26.1                                 |
| 2022           | 6,260,105             | 3,069,812            | (40,429)              | 9,289,487             | 32.0                                 |
| 2023           | 6,250,295             | 2,799,373            | (35,680)              | 9,013,987             | 37.9                                 |
| 2024           | 6,111,778             | 2,529,861            | (25,112)              | 8,616,527             | 43.6                                 |
| 2025           | 5,349,587             | 2,291,745            | -                     | 7,641,333             | 48.6                                 |
| 2026           | 4,501,847             | 2,076,581            | -                     | 6,578,428             | 52.8                                 |
| 2027           | 4,056,941             | 1,884,240            | -                     | 5,941,181             | 56.7                                 |
| 2028           | 4,043,612             | 1,717,298            | -                     | 5,760,910             | 60.5                                 |
| 2029           | 4,045,428             | 1,566,081            | -                     | 5,611,509             | 64.3                                 |
| 2030           | 4,057,392             | 1,414,721            | -                     | 5,472,113             | 68.1                                 |
| 2031           | 4,044,507             | 1,263,007            | -                     | 5,307,514             | 71.9                                 |
| 2032           | 3,786,777             | 1,111,224            | -                     | 4,898,001             | 75.4                                 |
| 2033           | 3,769,205             | 970,091              | -                     | 4,739,296             | 79.0                                 |
| 2034           | 3,215,000             | 831,900              | -                     | 4,046,900             | 82.0                                 |
| 2035           | 3,215,000             | 703,300              | -                     | 3,918,300             | 85.0                                 |
| 2036           | 3,195,000             | 575,100              | -                     | 3,770,100             | 88.0                                 |
| 2037           | 3,195,000             | 447,300              | -                     | 3,642,300             | 91.0                                 |
| 2038           | 3,195,000             | 319,500              | -                     | 3,514,500             | 94.0                                 |
| 2039           | 3,195,000             | 191,700              | -                     | 3,386,700             | 97.0                                 |
| 2040           | 3,195,000             | 63,900               | -                     | 3,258,900             | 100.0                                |
| Total          | <u>\$ 106,479,588</u> | <u>\$ 40,967,112</u> | <u>\$ (1,012,322)</u> | <u>\$ 146,434,379</u> |                                      |

- (1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.
- (2) Principal totaling \$66,352,076 and interest totaling \$30,314,964 is exempt from the provisions of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

## Authorized Unissued Debt and Prospective Financing

The Town has approximately \$29,533,509 of authorized unissued debt, as follows:

| Purpose   | Amount               |
|---|----------------------|
| Dredging  | \$ 195,000           |
| Marine Park Recreational Facility                 | 280,000              |
| Energy Savings (ESCO)                             | 3,200,000            |
| Facilities Design/Engineering/Service             | 150,000              |
| Water Pipe Improvement & Replacement              | 6,404,946            |
| Library Renovations (1)(2)                        | 3,012,156            |
| School Technology                                 | 200,000              |
| Foreshore Protection                              | 500,000              |
| Sewer Phase IV                                    | 400,000              |
| Oceanside Drive Seawall Replacement               | 2,000,000            |
| School Renovation (1)(3)                          | 6,320,407            |
| Harbor/River Dredging                             | 200,000              |
| Pump Station Replacement                          | 625,000              |
| Additional Public Safety - Base                   | 562,000              |
| Additional Public Safety - Sally Port & Third Bay | 751,000              |
| Maple Street Stanpipe Repairs                     | 710,000              |
| Expanding Water Plant Filter Design               | 80,000               |
| SCADA at wells                                    | 88,000               |
| Water Pumped and VFD Drives                       | 135,000              |
| Cooper Limit Reduction Feasibility Study          | 200,000              |
| SCADA Upgrade (Phase 2)                           | 200,000              |
| Culvert Improvements - Bailey's/Gilson            | 400,000              |
| Copper Limit Reduction Phase II                   | 420,000              |
| Cedar Point I&I                                   | 2,500,000            |
| Total   | <u>\$ 29,533,509</u> |

- (1) The Town voted to exempt the debt service associated with this project from the limitations of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.
- (2) The Town expects to receive \$4,985,840 construction grant from the Massachusetts Board of Library Commissioners.
- (3) The Town authorized \$75 million for the High School Middle School project. The Town expects to receive approximately 44.06% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible project costs with a maximum grant of \$20,751,053. The Town's local share is estimated at approximately \$54,248,947. To date, the Town has received \$18,595,054 from the MSBA and \$50 million in bond proceeds.

## Overlapping Debt

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

|   | Outstanding<br>Bonded Debt<br>as of 6/30/17 | Scituate's<br>Estimated Share % | Fiscal 2018 Dollar<br>Assessment (1) |
|---|---|---------------------------------|--------------------------------------|
| Plymouth County (2)   | \$1,925,000                                 | 6.05%                           | \$92,866                             |
| Massachusetts Bay Transportation<br>Authority (3)                 | \$5,311,931,000                             | 0.076%                          | \$3,500                              |
| South Shore Regional Vocational-<br>Technical School District (4) | \$575,000                                   | 7.58%                           | \$776,391                            |

- (1) Dollar assessment is based upon total net operating expenses, inclusive of debt service where applicable.
- (2) Source: Treasurer, Plymouth County. Assessment is for fiscal year 2018. County expenses are assessed upon the cities and towns within the County in proportion to their valuations of taxable property as last equalized by the State Commissioner of Revenue. Assessment shown is based on the most recent equalized valuation.
- (3) Source: Massachusetts Bay Transportation Authority (the "MBTA"). Assessment is for fiscal year 2018. The MBTA was created in 1964 to finance and operate mass transportation facilities within the Greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA is also authorized to issue bonds for the purpose of refunding bonds. Under the MBTA's enabling act, debt service as well as other operating expenses of the MBTA are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the Authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year.

- (4) Source: Treasurer, South Shore Regional Vocational-Technical School District. Assessment is for fiscal year 2018. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

## **Contracts**

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

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

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

The Town has entered in contract with International Golf Maintenance of Champions Gate, Florida 33896, to maintain its golf course, for the following sums: \$475,311, January 1, 2015 – December 31, 2015, \$489,677, January 1, 2016 – December 31, 2016, and \$497,022, January 1, 2017 – December 31, 2017 and \$504,477 January 1, 2018 – December 31, 2018. Performance reviews will take place each November 1 to determine satisfaction and subsequent release of annual retainage.

The Town also contracts annually with SEMASS Partnership solid waste disposal at \$97.37 per ton in fiscal 2017, which includes all hauling costs. This contract expires on June 30, 2023. The cost of this contract for fiscal 2017 was \$284,934.

## **RETIREMENT SYSTEM**

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension

funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

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

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

### **Plymouth County Retirement System**

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

As of January 1, 2017, the total unfunded pension benefit obligation of the Plymouth County System was \$582,684,217, assuming a 8.0% discount rate as follows:

|   |                       |
|---|-----------------------|
| Total pension benefit obligation                              | \$1,520,090,445       |
| Assets at market value  | 937,406,228           |
| Unfunded pension benefit obligation                           | <u>\$ 582,684,217</u> |
| The Town's estimated share at its participation rate of 6.45% | <u>\$ 37,787,783</u>  |

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

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

The Retirement System's current funding schedule amortizes its unfunded pension liability through fiscal 2029 as shown below.

## Current Plymouth County Funding Schedule

| Fiscal Year | Employee Contribution | Employer Normal Cost with Interest | Amortization Payments with Interest | Employer Total Cost with Interest | Employer Total Cost % of Payroll | Unfunded Liability | Funded Ratio** |
|-------------|-----------------------|------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|--------------------|----------------|
| 2018        | \$ 23,089,568         | \$ 6,056,705                       | \$ 63,732,774                       | \$ 69,789,479                     | 26.3                             | \$ 582,684,217     | 61.7           |
| 2019        | 24,169,174            | 6,057,426                          | 67,373,921                          | 73,431,347                        | 26.7                             | 564,391,434        | 63.5           |
| 2020        | 25,297,281            | 6,049,683                          | 69,118,012                          | 75,167,695                        | 26.3                             | 540,838,198        | 66.0           |
| 2021        | 26,476,008            | 6,032,841                          | 71,234,312                          | 77,267,153                        | 26.1                             | 513,622,083        | 68.5           |
| 2022        | 27,707,566            | 6,006,228                          | 73,726,163                          | 79,732,391                        | 26.0                             | 482,070,539        | 71.1           |
| 2023        | 28,994,258            | 5,969,136                          | 76,305,230                          | 82,274,366                        | 25.8                             | 445,453,801        | 73.9           |
| 2024        | 30,338,488            | 5,920,816                          | 78,974,563                          | 84,895,379                        | 25.7                             | 403,277,717        | 77.0           |
| 2025        | 31,742,763            | 5,860,477                          | 81,737,323                          | 87,597,800                        | 25.5                             | 355,005,489        | 80.2           |
| 2026        | 33,209,695            | 5,787,287                          | 84,596,780                          | 90,384,067                        | 25.4                             | 300,054,152        | 83.6           |
| 2027        | 34,742,008            | 5,700,367                          | 87,556,318                          | 93,256,685                        | 25.3                             | 237,790,773        | 87.3           |
| 2028        | 36,342,543            | 5,598,789                          | 90,619,440                          | 96,218,229                        | 25.1                             | 167,528,329        | 91.2           |
| 2029        | 38,014,263            | 5,481,577                          | 93,751,214                          | 99,232,791                        | 25.0                             | 88,521,266         | 95.5           |
| 2030        | 39,760,255            | 5,347,700                          | -                                   | 5,347,700                         | 1.3                              | -                  | 100.0          |
| 2031        | 41,583,739            | 5,196,075                          | -                                   | 5,196,075                         | 1.2                              | -                  | 100.0          |
| 2032        | 43,488,072            | 5,025,557                          | -                                   | 5,025,557                         | 1.1                              | -                  | 100.0          |
| 2033        | 45,476,752            | 4,834,943                          | -                                   | 4,834,943                         | 1.1                              | -                  | 100.0          |
| 2034        | 47,553,428            | 4,622,966                          | -                                   | 4,622,966                         | 1.0                              | -                  | 100.0          |
| 2035        | 49,721,903            | 4,388,292                          | -                                   | 4,388,292                         | 0.9                              | -                  | 100.0          |
| 2036        | 51,986,142            | 4,129,516                          | -                                   | 4,129,516                         | 0.8                              | -                  | 100.0          |
| 2037        | 54,350,277            | 3,845,160                          | -                                   | 3,845,160                         | 0.7                              | -                  | 100.0          |
| 2038        | 56,818,617            | 3,533,671                          | -                                   | 3,533,671                         | 0.6                              | -                  | 100.0          |
| 2039        | 59,395,652            | 3,193,413                          | -                                   | 3,193,413                         | 0.5                              | -                  | 100.0          |
| 2040        | 62,086,064            | 2,822,667                          | -                                   | 2,822,667                         | 0.4                              | -                  | 100.0          |
| 2041        | 64,894,731            | 2,419,624                          | -                                   | 2,419,624                         | 0.4                              | -                  | 100.0          |
| 2042        | 67,328,284            | 2,510,360                          | -                                   | 2,510,360                         | 0.4                              | -                  | 100.0          |
| 2043        | 69,853,094            | 2,604,498                          | -                                   | 2,604,498                         | 0.4                              | -                  | 100.0          |
| 2044        | 72,472,585            | 2,702,167                          | -                                   | 2,702,167                         | 0.4                              | -                  | 100.0          |
| 2045        | 75,190,307            | 2,803,498                          | -                                   | 2,803,498                         | 0.4                              | -                  | 100.0          |
| 2046        | 78,009,944            | 2,908,629                          | -                                   | 2,908,629                         | 0.4                              | -                  | 100.0          |
| 2047        | 80,935,317            | 3,017,703                          | -                                   | 3,017,703                         | 0.4                              | -                  | 100.0          |
| 2048        | 83,970,391            | 3,130,867                          | -                                   | 3,130,867                         | 0.4                              | -                  | 100.0          |
| 2049        | 87,119,281            | 3,248,274                          | -                                   | 3,248,274                         | 0.4                              | -                  | 100.0          |

SOURCE: January 1, 2017 Plymouth County Retirement System Actuarial Valuation, PERAC.

The annual contributions of the Town to the Plymouth County System budgeted for fiscal year 2018 (proposed) and for the last five fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Contributory</u> |
|--------------------|---------------------|
| 2018 (Budgeted)    | \$4,530,275         |
| 2017               | 4,373,651           |
| 2016               | 4,141,767           |
| 2015               | 3,836,129           |
| 2014               | 3,584,859           |
| 2013               | 3,444,211           |

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

## Other Post-Employment Benefits

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

| <u>Fiscal<br/>Year</u> | <u>Benefit<br/>Costs</u> |
|------------------------|--------------------------|
| 2017                   | \$ 2,363,041             |
| 2016                   | 1,970,330                |
| 2015                   | 2,167,131                |
| 2014                   | 2,014,132                |
| 2013                   | 1,735,058                |

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

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired USI Consulting Group which performed the actuarial valuation of its post-employment benefit liability. As of June 30, 2017 the Town's estimated unfunded actuarial accrued liability was approximately \$83,529,975 and the Town's annual required contribution ('ARC') for fiscal 2017 was approximately \$4,760,329 assuming a 3.50% discount rate. At the April 11, 2011 Annual Town Meeting the Town created an OPEB fund with an initial contribution of \$14,983. The Town's financial policies prescribe that a minimum 2% of the required Plymouth County Retirement Assessment be added to the OPEB Liability Trust Fund as part of the operating budget annually.

Below are balances for the OPEB Liability Trust Fund for the following fiscal years:

| <u>Fiscal Year</u> | <u>Balance</u> |
|--------------------|----------------|
| 2017               | \$ 820,135     |
| 2016               | 675,923        |
| 2015               | 386,515        |
| 2014               | 296,559        |
| 2013               | 209,227        |



## COLLECTIVE BARGAINING

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

The Town has approximately 980 full and part-time employees, including those in the School Department. Approximately 61 percent belong to unions or other collective bargaining groups as shown below:

| <u>Employee by Category</u>            | <u>Represented by</u>                               | <u>Number of Employees</u> | <u>Contract Expires (4)</u> |
|--|---|----------------------------|-----------------------------|
| General Government                     |   |                            |                             |
| Police                                 | International Brotherhood of Police Officers (IBPO) | 31                         | 6/30/2017                   |
| Firefighters                           | International Association of Fire Fighters (IAFF)   | 53                         | 6/30/2017                   |
| Clerical Workers                       | SEIU 888 (1)  | 32                         | 6/30/2017                   |
| Public Works                           | Laborers District Council                           | 38                         | 6/30/2020                   |
| Administrators and Managers            | SEIU 888 (2)  | 21                         | 6/30/2017                   |
| Total General Government Professionals |   | <u>175</u>                 |                             |
| School                                 |   |                            |                             |
| Teachers                               | Scituate Teachers Assoc./Mass. Teachers Assoc.      | 296                        | 8/31/2018                   |
| Custodians                             | AFSCME Local 1700 (3)                               | 21                         | 6/30/2018                   |
| Administration and Managers            | SEIU/Local 888                                      | 16                         | 6/30/2018                   |
| Bus Workers                            | AFSCME Local 1700 (3)                               | 19                         | 8/31/2018                   |
| Aides and Tutors                       | SEIU/Local 888                                      | 62                         | 8/31/2018                   |
| Cafeteria Workers                      | SEIU/Local 888                                      | 17                         | 8/31/2016                   |
| Total School                           |   | <u>431</u>                 |                             |
| Total                                  |   | <u><u>606</u></u>          |                             |

(1) American Federation of Labor-Congress of Industrial Organizations.

(2) Service Employees International Union.

(3) American Federation of State, County and Municipal Employees.

(4) Expired contracts are currently in negotiations.

## LITIGATION

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

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

January 3, 2018

# **TOWN OF SCITUATE, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the year ended  
June 30, 2017**

On the cover: Lester J. Gates Middle School

The new Lester J. Gates Middle School opened to students for the 2017-2018 school year and is co-located on the high school campus. The project included a new middle school, a performing arts center and some renovations to the high school. The Town received a grant from the Massachusetts School Building Authority for 44% of the eligible project costs.



Scituate Center for the Performing Arts

The Scituate Center for the Performing Arts opened in the late spring of 2017.

*The Town of  
Scituate, Massachusetts*



**Comprehensive  
Annual Financial Report**

**For the Year Ended  
June 30, 2017**

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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# Introductory Section



Public Safety Complex

The new Public Safety Complex containing Fire Station #3, the Police Station, Emergency Operations Center and a combined public safety communications center opened in March 2017.





Joseph P. Norton Emergency Operations Center

The Joseph P. Norton Emergency Operations Center is the Town's first centralized command center for addressing major events in the Town from which public safety, state and federal agencies, support systems and utilities can be mobilized.



# ***Introductory Section***

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**TOWN OF SCITUATE**  
**600 CHIEF JUSTICE CUSHING HIGHWAY**  
SCITUATE, MA 02066  
Tel: (781) 545-8700, Fax: (781) 545-8704

Letter of Transmittal

December 12, 2017

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, 2017, 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, 2017, 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, 2017, 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. The Town is bordered by the Atlantic Ocean on the east and north, Marshfield on the south, Norwell on the southwest, Hingham on the west and Cohasset on the northwest. 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 administered by a five member Board of Selectmen who appoint a professional Town Administrator and Finance Director to manage day-to-day and financial matters. The annual town census for 2017 lists the Town's population as 18,515.

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 area within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water and sewer services, solid waste disposal, library, streets, golf course, waterways and parks and recreation.

The Town's commitment to open space, historical preservation and community housing is evidenced by its acceptance of the Community Preservation Act in 2002 at the maximum 3% surcharge. These funds have been authorized by town meeting for the purchase of hundreds of 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. Community housing support with rehabilitation funds for existing units as well as support for the creation of new units.

## **Budgetary Controls**

Under the Town Charter, the Town Administrator sets budget guidelines and 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.

### **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 Commission has worked on branding of the Town with the 'Sea Scituate' design and is currently looking at zoning bylaw changes to encourage economic growth.

The Scituate Harbor Cultural District was designated by the Massachusetts Cultural Council in 2015. At the center of the district is the Town's harbor which includes a number of galleries, restaurants and specialty stores. There are a number of cultural offerings in the area including the annual Heritage Days Festival, Luminaria, St. Patrick's Day Parade, Santa Stroll, Farmer's Market and Harbor Art Walk. This designation supports the Town's economic development by encouraging tourism and highlighting the numerous cultural, historical and recreational activities.

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 continues to experience residential housing growth with an expected 200-300 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, and is successful at, 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, Commonwealth's Clean Water Trust, Commonwealth's Seawall & Dam Repair Fund, Commonwealth's Coastal Zone Management, Federal Emergency Management Agency, National Oceanic and Atmospheric Association and the Army Corps of Engineers.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift 100% 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 Facilities 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. In FY 2014, the Town approved a \$22M water infrastructure project to replace approximately 21 miles of cast iron pipe. The first two phases of the project have been completed and the final portion of the third phase is currently underway. A

\$12M library renovation project, which was approved by voters in late 2013 and partially funded by a \$4.9M Massachusetts Board of Library Commissioners grant and private donations opened to the public in June 2017. The Town continued to address the needs outlined in the plan in FY 2015 by approving a \$75M new middle school to be co-located with the existing high school at the December 2014 special town meeting. The project includes renovations to a small area of the high school and a new performing arts center and replaces a school built in 1916 with the associated limitations and challenges of a building that age. The Massachusetts School Building Authority has partnered with the Town for this project and will provide a reimbursement of approximately 44% of eligible costs associated with the middle school. The new middle school will open to students in September 2017.

At the same Town Meeting, citizens approved a new \$16.2M public safety complex which will improve emergency response times to areas of Town and provide a much needed emergency operations center. That approval was amended in November 2015 for an additional \$2.25M due to escalating building costs and site issues. This building will replace a fire station and police station built in the 1950s which needed an estimated \$8.5M in renovations to partially address structural, accessibility and compliance issues. The complex opened for service to the community in March 2017. In the last eight years, the Town has endured several major storms without the benefit of a centralized command center making an intense situation more difficult due to the inability to coordinate all first responders together.

The \$22M water project was supported solely by user rates and all but \$562,000 of the three major building projects were approved as debt exclusions from Proposition 2-1/2 tax levy limitations.

As a coastal community, the Town has dedicated significant resources to foreshore protection in supporting over \$16M in improvements over the last seven years. Funding for foreshore protection is included in the Town's operational budget as well as annually on its five year rolling capital plan. The Town has been successful in obtaining matching grants and low interest loans from the Massachusetts Seawall and Dam Repair Fund for seawall construction totaling \$10M in the last three years. The Town recognizes the complexity of foreshore protection and has successfully applied for several grants to study sea level rise, explore coastal resiliency options and priorities, elevate severe repetitive loss homes and utilities and obtain design and permitting funding for beach nourishment projects. In fiscal year 2017, the Department of Public Works oversaw three separate seawall replacement projects in an area of the community that experiences severe flooding. The Coastal Resources Officer and others successfully completed qualification for an improved rating with the National Flood Insurance Community Rating System to enable affected homeowners to benefit from a greater discount on their flood insurance. Only 5% of the 22,000 communities participating in the National Flood Insurance Program commit to meeting the requirements of the Community Rating System to provide homeowners with monetary relief from these premiums.

The Town dedicates operational budget and capital funds to roadway improvements. This includes creating trails with Community Preservation funding with 30% matching funds from the state, coordinating sewer and water projects so as not to waste resources on paving the same area repeatedly and utilizing Massachusetts Department of Transportation Chapter 90 funds for major repairs and drainage improvements to roads throughout Town. The Town's Fire Department was also successful in obtaining grants for gear washing and extracting equipment, power load stretches and automated external chest compression devices.

## **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, Water Enterprise Capital Stabilization Fund, Sewer Enterprise Capital Stabilization Fund, Widow's Walk Golf Course Capital 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. This fund is a valuable tool for setting aside funds over several years to address costly projects identified on the five year rolling capital plan. 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. In the last five years, \$1.97M has been added to the fund by this method.

## **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.

## **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 Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended June 30, 2016. This was the third year that the Town submitted a CAFR to the GFOA. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Albert G. Bangert  
Acting Town Administrator



Nancy Holt  
Finance Director/Town Accountant

# Town of Scituate, Massachusetts

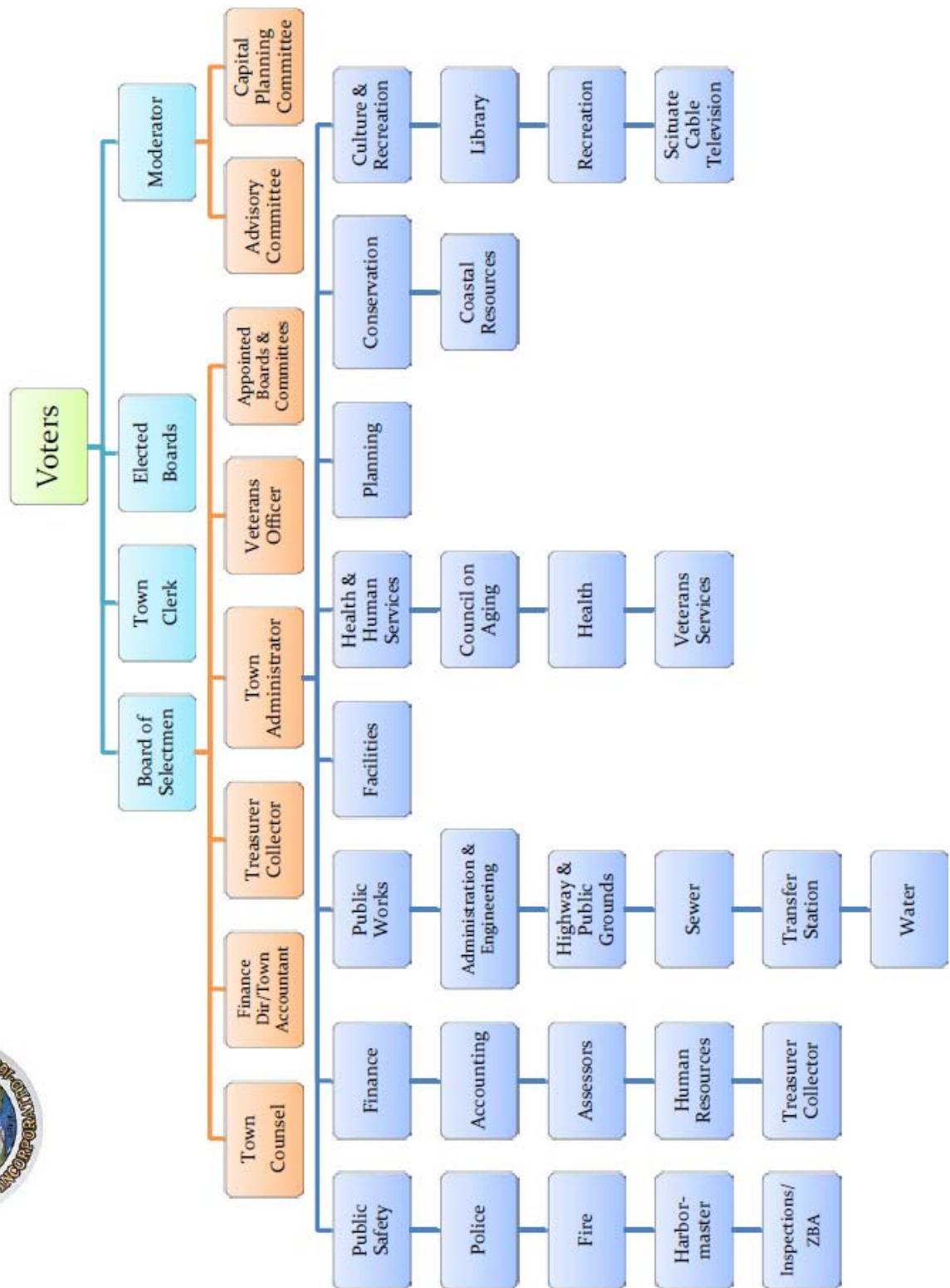
## Principal Executive Officers

| <u>Elected Officials</u>         |                                | <u>Term Expires</u> |
|----------------------------------|--------------------------------|---------------------|
| Board of Selectmen               | Shawn Harris                   | 2020                |
|                                  | John F. Danehey                | 2019                |
|                                  | Maura Curran, Chair            | 2018                |
|                                  | Karen B Canfield               | 2019                |
|                                  | Anthony V. Vegnani, Vice Chair | 2017                |
| Moderator                        | Richard P. Bowen               | 2017                |
| Town Clerk                       | Kathleen A. Curran             | 2018                |
| School Committee                 | Michael T. Long, Chair         | 2018                |
|                                  | Richard Hebert, Vice Chair     | 2018                |
|                                  | Michael Hayes                  | 2019                |
|                                  | Peter Gates, Secretary         | 2020                |
|                                  | Janice Lindblom                | 2020                |
| <u>Appointed Officials</u>       |                                |                     |
| Acting Town Administrator        | Albert G. Bangert              |                     |
| Finance Director/Town Accountant | Nancy Holt                     |                     |
| Treasurer/Collector              | Pamela J. Avitabile            |                     |
| Director of Assessing            | Stephen Jarzembowski           |                     |
| Fire Chief                       | John P. Murphy                 |                     |
| Police Chief                     | W. Michael Stewart             |                     |
| Director of Public Works         | Kevin Cafferty                 |                     |





# Town of Scituate





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Scituate  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Financial Section



Scituate Town Library

The main floor of the newly renovated Scituate Town Library opened to patrons in June 2017. The project was partially funded by a \$4.9M construction grant from the Massachusetts Board of Library Commissioners and generous private donations.



The renovations to the Scituate Town Library were supported by many generous private donors memorialized within the library.

## ***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, 2017, 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, 2017, 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 12, 2017, 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 12, 2017



## ***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, 2017. 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. The Town uses fiduciary funds to account for the Other Postemployment Benefits Trust and for Private Purpose Trust 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$110.6 million at the close of 2017, which was an improvement in overall financial position of \$20 million from the prior year.

Net position of \$130.8 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, \$14.2 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 deficit balance of \$34.4 million.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63.9 million at the close of 2017.

Governmental net position of \$93.7 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.

An additional portion of the net position, \$14.2 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$43.9 million. The deficit is the result the Town recording its net pension liability of \$36.7 million along with the other postemployment benefits (OPEB) liability of \$30.3 million. These are long term unfunded liabilities that will not require significant short term resources. Unrestricted net position decreased by \$2.6 million. This was mainly due to the increase in the Town's Pension and OPEB liabilities which were offset by positive budgetary results in the general fund.

Condensed financial data for 2017 and 2016 is presented below.

#### Governmental Activities

|  | <u>2017</u>                 | <u>2016</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Assets:</b>                                 |                             |                             |
| Current assets.....                            | \$ 52,987,647               | \$ 94,075,374               |
| Capital assets.....                            | <u>172,622,971</u>          | <u>106,094,587</u>          |
| Total assets.....                              | <b><u>225,610,618</u></b>   | <b><u>200,169,961</u></b>   |
| <br><b>Deferred Outflows of Resources.....</b> | <br><b><u>4,810,557</u></b> | <br><b><u>4,264,721</u></b> |
| <br><b>Liabilities:</b>                        |                             |                             |
| Current liabilities (excluding debt).....      | 8,940,901                   | 9,963,057                   |
| Noncurrent liabilities (excluding debt).....   | 67,568,671                  | 63,472,130                  |
| Current debt.....                              | 11,467,736                  | 7,898,655                   |
| Noncurrent debt.....                           | <u>77,183,190</u>           | <u>78,635,482</u>           |
| Total liabilities.....                         | <b><u>165,160,498</u></b>   | <b><u>159,969,324</u></b>   |
| <br><b>Deferred Inflows of Resources.....</b>  | <br><b><u>1,311,204</u></b> | <br><b><u>259,169</u></b>   |
| <br><b>Net Position:</b>                       |                             |                             |
| Net investment in capital assets.....          | 93,697,063                  | 74,483,888                  |
| Restricted.....                                | 14,171,118                  | 11,052,873                  |
| Unrestricted.....                              | <u>(43,918,708)</u>         | <u>(41,330,572)</u>         |
| Total net position.....                        | <b><u>\$ 63,949,473</u></b> | <b><u>\$ 44,206,189</u></b> |

Current assets have decreased as prior bond proceeds have been expended on ongoing capital projects.

Capital assets increased by \$66.5 million which is mainly due to the Town capitalizing \$43.4 million on the new middle school improvements, \$10.6 million on the Town's Public Safety Complex and \$6.3 million on the renovation of the library in 2017.

The Town recorded deferred outflows of resources totaling \$4.8 million, and deferred inflows of resources of \$1.2 million related to pensions. The Town had an additional \$146,000 in deferred inflows of resources related to taxes paid in advance.

|  | <u>2017</u>                 | <u>2016</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Program Revenues:</b>   |                             |                             |
| Charges for services.....  | \$ 6,522,063                | \$ 6,593,809                |
| Operating grants and contributions.....                              | 24,218,440                  | 16,097,906                  |
| Capital grants and contributions.....                                | 13,532,885                  | 7,304,433                   |
| <b>General Revenues:</b>   |                             |                             |
| Real estate and personal property taxes.....                         | 59,661,829                  | 57,161,241                  |
| Tax liens.....   | 488,116                     | 472,610                     |
| Motor vehicle and other excise taxes.....                            | 3,357,113                   | 3,198,586                   |
| Community preservation tax.....                                      | 1,428,997                   | 1,355,633                   |
| Penalties and interest on taxes.....                                 | 523,966                     | 487,036                     |
| Payments in lieu of taxes.....                                       | 19,907                      | 20,370                      |
| Grants and contributions not restricted to<br>specific programs..... | 2,279,401                   | 2,305,361                   |
| Unrestricted investment income.....                                  | 542,053                     | 611,498                     |
| Miscellaneous.....   | 119,997                     | 71,543                      |
| <b>Total revenues.....</b>   | <b><u>112,694,767</u></b>   | <b><u>95,680,026</u></b>    |
| <b>Expenses:</b>   |                             |                             |
| General government.....  | 7,189,607                   | 5,984,034                   |
| Public safety.....   | 14,026,757                  | 12,078,310                  |
| Education.....   | 58,568,294                  | 53,653,828                  |
| Public works.....  | 6,913,537                   | 6,784,427                   |
| Human services.....  | 1,283,390                   | 1,172,068                   |
| Culture and recreation.....  | 2,147,386                   | 2,294,558                   |
| Community preservation.....  | 224,085                     | 130,760                     |
| Interest.....  | 2,734,823                   | 2,879,164                   |
| <b>Total expenses.....</b>   | <b><u>93,087,879</u></b>    | <b><u>84,977,149</u></b>    |
| <b>Excess before transfers.....</b>                                  | <b>19,606,888</b>           | <b>10,702,877</b>           |
| <b>Transfers.....</b>  | <b><u>136,396</u></b>       | <b><u>71,426</u></b>        |
| <b>Change in net position.....</b>                                   | <b>19,743,284</b>           | <b>10,774,303</b>           |
| <b>Beginning net position.....</b>                                   | <b><u>44,206,189</u></b>    | <b><u>33,431,886</u></b>    |
| <b>Ending net position.....</b>                                      | <b>\$ <u>63,949,473</u></b> | <b>\$ <u>44,206,189</u></b> |

Operating grant revenue increased \$8.1 million due to \$6.3 million in state funding for the seawall project and federal funding for the flood mitigation projects. There was also an increase in the state financing for the Massachusetts' Teachers' Retirement System.

Capital grant revenue increased \$6.2 million due to the Town's ongoing construction projects. Of this increase, the Town received \$6.1 million more in reimbursements for the Massachusetts School Building Authority's share of the Middle School project; and an increase of \$300,000 related to State reimbursements for highway improvements.

The Town received additional Federal Emergency Management Agency grant funds for flood mitigation which caused a \$1 million increase in general government expenditures. Part of the increase in public safety expenditures were from contract negotiations. Education expenditures increased \$4.9 million from the state

financing for the Massachusetts' Teachers' Retirement System, an increase in the operating budget and expenditures from grant funds received in the prior year.

### Business-type Activities

|  | <u>2017</u>                 | <u>2016</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Assets:</b>                                 |                             |                             |
| Current assets.....                            | \$ 16,145,519               | \$ 17,290,382               |
| Noncurrent assets (excluding capital).....     | 8,131,262                   | 9,302,348                   |
| Capital assets.....                            | <u>72,227,486</u>           | <u>69,523,088</u>           |
| Total assets.....                              | <b><u>96,504,267</u></b>    | <b><u>96,115,818</u></b>    |
| <br><b>Deferred Outflows of Resources.....</b> | <br><b><u>636,725</u></b>   | <br><b><u>582,501</u></b>   |
| <br><b>Liabilities:</b>                        |                             |                             |
| Current liabilities (excluding debt).....      | 1,705,223                   | 1,577,501                   |
| Noncurrent liabilities (excluding debt).....   | 6,825,769                   | 6,877,325                   |
| Current debt.....                              | 10,312,123                  | 6,849,001                   |
| Noncurrent debt.....                           | <u>31,466,077</u>           | <u>34,977,444</u>           |
| Total liabilities.....                         | <b><u>50,309,192</u></b>    | <b><u>50,281,271</u></b>    |
| <br><b>Deferred Inflows of Resources.....</b>  | <br><b><u>154,260</u></b>   | <br><b><u>20,894</u></b>    |
| <br><b>Net Position:</b>                       |                             |                             |
| Net investment in capital assets.....          | 37,113,868                  | 33,793,072                  |
| Unrestricted.....                              | <u>9,563,672</u>            | <u>12,603,082</u>           |
| Total net position.....                        | <b><u>\$ 46,677,540</u></b> | <b><u>\$ 46,396,154</u></b> |

At the end of the current year, the Town reports \$46.7 million in net position for its combined business-type activities. Of this balance, \$37.1 million reflects the Town's investment in capital assets of the enterprise funds less debt outstanding related to the construction of those assets.

The net investment in capital assets increased by \$3.3 million due to the Town's ongoing water main improvement and replacement project.

Noncurrent debt decreased by \$3.5 million due to the Town paying \$3.7 million in principal payments. Current debt increased by \$3.5 million due to the Town's issuance of short term notes.

The Town recorded deferred outflows of resources of \$637,000 and deferred inflows of resources of \$154,000 related to pensions for business-type activities.

|   | <u>2017</u>                        | <u>2016</u>                        |
|---|------------------------------------|------------------------------------|
| <b>Program Revenues:</b>                  |                                    |                                    |
| Charges for services.....                 | \$ 9,580,877                       | \$ 10,415,703                      |
| Operating grants and contributions.....   | 137,679                            | 184,361                            |
| Capital grants and contributions.....     | -                                  | 480,722                            |
| <b>General Revenues:</b>                  |                                    |                                    |
| Tax liens.....                            | 77,800                             | 57,333                             |
| Motor vehicle and other excise taxes..... | 39,761                             | 40,695                             |
| Unrestricted investment income.....       | 89,895                             | 66,569                             |
| Total revenues.....                       | <u>9,926,012</u>                   | <u>11,245,383</u>                  |
| <b>Expenses:</b>                          |                                    |                                    |
| Water.....                                | 3,545,095                          | 3,755,045                          |
| Sewer.....                                | 2,768,239                          | 2,935,172                          |
| Transfer station.....                     | 1,053,676                          | 1,228,775                          |
| Widows Walk golf course.....              | 1,028,660                          | 1,101,808                          |
| Waterways.....                            | 1,112,560                          | 1,401,768                          |
| Total expenses.....                       | <u>9,508,230</u>                   | <u>10,422,568</u>                  |
| <b>Excess before transfers.....</b>       | <b>417,782</b>                     | <b>822,815</b>                     |
| <b>Transfers.....</b>                     | <b><u>(136,396)</u></b>            | <b><u>(71,426)</u></b>             |
| <b>Change in net position.....</b>        | <b>281,386</b>                     | <b>751,389</b>                     |
| <b>Beginning net position.....</b>        | <b><u>46,396,154</u></b>           | <b><u>45,644,765</u></b>           |
| <b>Ending net position.....</b>           | <b>\$ <u><u>46,677,540</u></u></b> | <b>\$ <u><u>46,396,154</u></u></b> |

There was a net increase of \$281,000 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:

|                              | <u>2017</u>          | <u>2016</u>          | <u>Change</u>     |
|------------------------------|----------------------|----------------------|-------------------|
| <b>Net Position:</b>         |                      |                      |                   |
| Water.....                   | \$ 11,598,653        | \$ 11,258,620        | \$ 340,033        |
| Sewer.....                   | 29,178,592           | 29,229,356           | (50,764)          |
| Transfer station.....        | 350,107              | 446,097              | (95,990)          |
| Widows Walk golf course..... | 1,070,293            | 1,045,178            | 25,115            |
| Waterways.....               | 4,479,895            | 4,416,903            | 62,992            |
| Total Net Position.....      | <u>\$ 46,677,540</u> | <u>\$ 46,396,154</u> | <u>\$ 281,386</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 an increase in net position of \$340,000. The Town placed a restriction on water usage during the summer of 2016 due to the water level in the Town's reservoir falling below an acceptable level causing operating revenue to decrease. There was a decrease in expenses related to the net pension liability.

The sewer enterprise fund reported a decrease in net position of \$51,000 compared to a \$136,000 decrease in fiscal year 2016. Expenditures increased due to the recognition of the net pension expense. Revenues remained consistent from the prior year. Sewer increased rates but was also affected by the water restriction as rates are based on water usage.

The transfer station fund reported a decrease of \$96,000 in net position. The Town had a slight decrease in operating revenue along with additional expense for the recognition of the net pension liability.

The Widow's Walk golf course fund reported a \$25,000 increase in net position compared to an increase of \$206,000 in fiscal year 2016. This is primarily due to unfavorable weather conditions causing a reduction in revenue.

The waterway's enterprise fund reported a \$63,000 increase in net position. The increase is primarily attributable to an increase in revenue from mooring and pier fees.

### **Fiduciary Activities**

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans, was implemented this year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.

### ***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 \$36.6 million, which is comprised of \$13.6 million in the general fund, \$8.9 million in the community preservation fund, \$752,000 in the affordable housing fund, a deficit of \$3.2 million in Town capital projects, \$7.9 million in Middle School construction, and \$8.7 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$43.1 million in fund balances from the prior year, which is due to the activities of the two capital project funds.

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$8.5 million, restricted fund balance was \$511,000, committed fund balance was \$3.3 million, and assigned fund balance was \$1.4 million while total fund balance was \$13.6 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 10.3% of total general fund budgetary expenditures, while total fund balance represents 16.5% of that same amount.



The fund balance of the general fund increased by \$1.9 million. This increase was mainly due to positive budgetary results where actual revenues exceeded the budget and actual expenditures were less than budgeted. In addition, the Town reports the activity of the Stabilization and Workers Compensation Funds with the General Fund in the fund based financial statements. The Stabilization Fund and Worker's Compensation Fund reported year end balances of approximately \$4.4 million and \$511,000, respectively.

The Town reports the Worker's Compensation Fund as restricted fund balance in the general fund.

The *Community Preservation Fund* had a fund balance at year-end of \$8.9 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 fund increased by \$596,000 in 2017. 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 \$752,000. This fund experienced a low level of activity in the current year. This program endeavors to create more affordable housing options.

The *Town Capital Projects Fund* had a year-end fund deficit of \$3.2 million. Included in this fund is the Public Safety Complex project which the Town passed, by ballot vote, through an override of Proposition 2½ allowing building construction totaling \$16.2 million. During 2017, the fund balance decreased by \$11.9 million which was primarily due to \$15.4 million in expenditures offset by \$3.5 million in bond proceeds. The majority of the expenditures were used for the construction of the public safety complex, an energy savings project, and renovation of the library.

The *Middle School Construction Fund* was established after the Town passed, by special election, an override of Proposition 2½ allowing the construction of a new middle school totaling \$61.6 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 44.06% of eligible construction costs. The Middle School Construction fund balance totaled \$7.9 million in 2017. This was the result of prior borrowing and receiving \$11.4 million in reimbursements from the MSBA; offset with construction costs totaling \$43.4 million.

### ***General Fund Budgetary Highlights***

The original 2017 operating budget totaled \$78.2 million and consisted of \$74.7 million in appropriations and \$3.5 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 the use of free cash (available fund balance) totaling \$3.1 million. Actual revenues came in over budget by approximately \$1.7 million, and actual expenditures came in under budget by approximately \$5.7 million. Of this balance, the Town reserved \$4.6 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 governmental capital asset activity in 2017 includes additions in construction in progress of \$43.4 million for the middle school project, and \$4.8 million for the Foreshore Protection project, \$787,000 for machinery and equipment, \$2.1 million in infrastructure, \$615,000 in vehicles, and \$723,000 in other projects. During 2017, the Town removed \$12.5 million from construction in progress, and along with FY17 expenditures put into service \$17.7 million for the Public Safety Complex and \$11.2 million for the library.

The Town's 2017 business-type capital asset activity includes \$4.8 million in construction in progress related to water main and meter replacement projects; \$722,000 of sewer buildings and building improvement additions; and \$222,000 of various machinery, equipment and vehicle additions. \$614,000 of building additions are from completed projects moved out of construction in progress.

During 2017, the Town issued \$3.5 million in long-term debt all of which was for governmental activities.

Outstanding governmental long-term debt, as of June 30, 2017, totaled \$76.2 million, of which approximately \$50 million relates to various school construction projects, \$13.8 million relates to the public safety complex, \$4.3 million relates to the library, \$2.3 million relates to energy saving projects, \$3.5 million relates to seawall repair projects and \$2.3 million relates other various projects and equipment.

The enterprise funds long-term debt totaled \$34.9 million at year end; comprised of \$17.7 million in water debt, \$15 million in sewer debt, \$45,000 in transfer station debt, and \$2.2 million in waterways debt. Approximately \$650,000 of the sewer debt is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT).

Please refer to Notes 4, 6, 7, and 8 of the notes to the financial statements for further discussion of the major capital and debt activity, respectively.

### ***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 02066.

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## ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2017

|   | Primary Government         |                             |                |
|---|----------------------------|-----------------------------|----------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>ASSETS</b>                                     |                            |                             |                |
| <b>CURRENT:</b>                                   |                            |                             |                |
| Cash and cash equivalents.....                    | \$ 47,234,787              | \$ 12,349,462               | \$ 59,584,249  |
| Receivables, net of allowance for uncollectibles: |                            |                             |                |
| Real estate and personal property taxes.....      | 1,066,304                  | -                           | 1,066,304      |
| Tax liens.....                                    | 711,081                    | 84,417                      | 795,498        |
| Motor vehicle and other excise taxes.....         | 208,487                    | -                           | 208,487        |
| User fees.....                                    | -                          | 2,661,603                   | 2,661,603      |
| Departmental and other.....                       | 143,641                    | -                           | 143,641        |
| Special assessments.....                          | 180,863                    | 721,663                     | 902,526        |
| Intergovernmental.....                            | 2,920,765                  | 300,894                     | 3,221,659      |
| Tax foreclosures.....                             | 521,719                    | -                           | 521,719        |
| Inventory.....                                    | -                          | 27,480                      | 27,480         |
| Total current assets.....                         | 52,987,647                 | 16,145,519                  | 69,133,166     |
| <b>NONCURRENT:</b>                                |                            |                             |                |
| Receivables, net of allowance for uncollectibles: |                            |                             |                |
| Special assessments.....                          | -                          | 7,732,928                   | 7,732,928      |
| Intergovernmental.....                            | -                          | 398,334                     | 398,334        |
| Capital assets, net of accumulated depreciation:  |                            |                             |                |
| Nondepreciable.....                               | 88,509,255                 | 8,438,940                   | 96,948,195     |
| Depreciable.....                                  | 84,113,716                 | 63,788,546                  | 147,902,262    |
| Total noncurrent assets.....                      | 172,622,971                | 80,358,748                  | 252,981,719    |
| TOTAL ASSETS.....                                 | 225,610,618                | 96,504,267                  | 322,114,885    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                            |                             |                |
| Deferred outflows related to pension.....         | 4,810,557                  | 636,725                     | 5,447,282      |
| <b>LIABILITIES</b>                                |                            |                             |                |
| <b>CURRENT:</b>                                   |                            |                             |                |
| Warrants payable.....                             | 6,052,161                  | 956,087                     | 7,008,248      |
| Accrued payroll.....                              | 703,383                    | 119,441                     | 822,824        |
| Accrued interest.....                             | 944,788                    | 402,489                     | 1,347,277      |
| Abandoned property.....                           | 55,369                     | -                           | 55,369         |
| Other liabilities.....                            | -                          | 78,706                      | 78,706         |
| Capital lease obligations.....                    | 102,632                    | 46,272                      | 148,904        |
| Landfill closure.....                             | -                          | 72,000                      | 72,000         |
| Compensated absences.....                         | 1,185,200                  | 76,500                      | 1,261,700      |
| Notes payable.....                                | 6,588,000                  | 6,770,000                   | 13,358,000     |
| Bonds payable.....                                | 4,777,104                  | 3,495,851                   | 8,272,955      |
| Total current liabilities.....                    | 20,408,637                 | 12,017,346                  | 32,425,983     |
| <b>NONCURRENT:</b>                                |                            |                             |                |
| Capital lease obligations.....                    | 686,572                    | 93,993                      | 780,565        |
| Landfill closure.....                             | -                          | 859,000                     | 859,000        |
| Compensated absences.....                         | 542,106                    | 46,253                      | 588,359        |
| Net pension liability.....                        | 36,692,354                 | 4,856,581                   | 41,548,935     |
| Other postemployment benefits.....                | 30,334,211                 | 1,063,935                   | 31,398,146     |
| Bonds payable.....                                | 76,496,618                 | 31,372,084                  | 107,868,702    |
| Total noncurrent liabilities.....                 | 144,751,861                | 38,291,846                  | 183,043,707    |
| TOTAL LIABILITIES.....                            | 165,160,498                | 50,309,192                  | 215,469,690    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                            |                             |                |
| Taxes paid in advance.....                        | 145,747                    | -                           | 145,747        |
| Deferred inflows related to pension.....          | 1,165,457                  | 154,260                     | 1,319,717      |
| TOTAL DEFERRED INFLOWS OF RESOURCES.....          | 1,311,204                  | 154,260                     | 1,465,464      |
| <b>NET POSITION</b>                               |                            |                             |                |
| Net investment in capital assets.....             | 93,697,063                 | 37,113,868                  | 130,810,931    |
| Restricted for:                                   |                            |                             |                |
| Permanent funds:                                  |                            |                             |                |
| Nonexpendable.....                                | 27,051                     | -                           | 27,051         |
| Expendable.....                                   | 508,459                    | -                           | 508,459        |
| Community preservation.....                       | 8,922,665                  | -                           | 8,922,665      |
| Grants and Gifts.....                             | 4,712,943                  | -                           | 4,712,943      |
| Unrestricted.....                                 | (43,918,708)               | 9,563,672                   | (34,355,036)   |
| TOTAL NET POSITION.....                           | \$ 63,949,473              | \$ 46,677,540               | \$ 110,627,013 |

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

|                                     |                | Program Revenues     |                                    |                                  |                       |  |
|-------------------------------------|----------------|----------------------|------------------------------------|----------------------------------|-----------------------|--|
| Functions/Programs                  | Expenses       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |  |
| Primary Government:                 |                |                      |                                    |                                  |                       |  |
| Governmental Activities:            |                |                      |                                    |                                  |                       |  |
| General government.....             | \$ 7,189,607   | \$ 1,406,997         | \$ 1,620,613                       | \$ -                             | \$ (4,161,997)        |  |
| Public safety.....                  | 14,026,757     | 1,593,110            | 142,277                            | -                                | (12,291,370)          |  |
| Education.....                      | 58,568,294     | 2,251,687            | 16,737,446                         | 11,359,436                       | (28,219,725)          |  |
| Public works.....                   | 6,913,537      | 670,351              | 5,399,190                          | 658,576                          | (185,420)             |  |
| Human services.....                 | 1,283,390      | 152,289              | 270,271                            | -                                | (860,830)             |  |
| Culture and recreation.....         | 2,147,386      | 447,629              | 48,643                             | 1,297,096                        | (354,018)             |  |
| Community preservation.....         | 224,085        | -                    | -                                  | 217,777                          | (6,308)               |  |
| Interest.....                       | 2,734,823      | -                    | -                                  | -                                | (2,734,823)           |  |
| Total Governmental Activities.....  | 93,087,879     | 6,522,063            | 24,218,440                         | 13,532,885                       | (48,814,491)          |  |
| Business-Type Activities:           |                |                      |                                    |                                  |                       |  |
| Water.....                          | 3,545,095      | 4,112,668            | -                                  | -                                | 567,573               |  |
| Sewer.....                          | 2,768,239      | 2,069,025            | 137,401                            | -                                | (561,813)             |  |
| Transfer Station.....               | 1,053,676      | 1,105,277            | 278                                | -                                | 51,879                |  |
| Widow's Walk Golf Course.....       | 1,028,660      | 1,111,370            | -                                  | -                                | 82,710                |  |
| Waterways.....                      | 1,112,560      | 1,182,537            | -                                  | -                                | 69,977                |  |
| Total Business-Type Activities..... | 9,508,230      | 9,580,877            | 137,679                            | -                                | 210,326               |  |
| Total Primary Government.....       | \$ 102,596,109 | \$ 16,102,940        | \$ 24,356,119                      | \$ 13,532,885                    | \$ (48,604,165)       |  |

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

|   | Primary Government          |                             |                              |
|---|-----------------------------|-----------------------------|------------------------------|
|   | Governmental<br>Activities  | Business-Type<br>Activities | Total                        |
| <b>Changes in net position:</b>   |                             |                             |                              |
| Net (expense) revenue from previous page.....                               | \$ <u>(48,814,491)</u>      | \$ <u>210,326</u>           | \$ <u>(48,604,165)</u>       |
| <i>General revenues:</i>  |                             |                             |                              |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | 59,661,829                  | -                           | 59,661,829                   |
| Tax liens.....  | 488,116                     | 77,800                      | 565,916                      |
| Motor vehicle and other excise taxes.....                                   | 3,357,113                   | 39,761                      | 3,396,874                    |
| Community preservation tax.....   | 1,428,997                   | -                           | 1,428,997                    |
| Penalties and interest on taxes.....  | 523,966                     | -                           | 523,966                      |
| Payments in lieu of taxes.....  | 19,907                      | -                           | 19,907                       |
| Grants and contributions not restricted to<br>specific programs.....        | 2,279,401                   | -                           | 2,279,401                    |
| Unrestricted investment income.....   | 542,053                     | 89,895                      | 631,948                      |
| Miscellaneous.....  | 119,997                     | -                           | 119,997                      |
| <i>Transfers, net.</i> .....  | <u>136,396</u>              | <u>(136,396)</u>            | <u>-</u>                     |
| Total general revenues and transfers.....                                   | <u>68,557,775</u>           | <u>71,060</u>               | <u>68,628,835</u>            |
| Change in net position.....   | 19,743,284                  | 281,386                     | 20,024,670                   |
| <i>Net Position:</i>  |                             |                             |                              |
| Beginning of year.....  | <u>44,206,189</u>           | <u>46,396,154</u>           | <u>90,602,343</u>            |
| End of year.....  | \$ <u><u>63,949,473</u></u> | \$ <u><u>46,677,540</u></u> | \$ <u><u>110,627,013</u></u> |

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2017

|   | General              | Community<br>Preservation | Affordable<br>Housing | Town Capital<br>Projects |
|---|----------------------|---------------------------|-----------------------|--------------------------|
| <b>ASSETS</b>   |                      |                           |                       |                          |
| Cash and cash equivalents.....  | \$ 14,369,697        | \$ 8,794,660              | \$ 751,614            | \$ 2,345,495             |
| Receivables, net of uncollectibles:   |                      |                           |                       |                          |
| Real estate and personal property taxes.....  | 1,050,952            | 15,352                    | -                     | -                        |
| Tax liens.....  | 693,533              | 17,548                    | -                     | -                        |
| Motor vehicle and other excise taxes.....   | 208,487              | -                         | -                     | -                        |
| Departmental and other.....   | 138,141              | -                         | -                     | -                        |
| Special assessments.....  | 178,863              | -                         | -                     | -                        |
| Intergovernmental.....  | -                    | 217,777                   | -                     | -                        |
| Tax foreclosures.....   | 521,719              | -                         | -                     | -                        |
| Due from other funds.....   | 57,902               | -                         | -                     | -                        |
| <b>TOTAL ASSETS.....</b>  | <b>\$ 17,219,294</b> | <b>\$ 9,045,337</b>       | <b>\$ 751,614</b>     | <b>\$ 2,345,495</b>      |
| <b>LIABILITIES</b>  |                      |                           |                       |                          |
| Warrants payable.....   | \$ 323,899           | \$ 117,143                | \$ -                  | \$ 295,332               |
| Accrued payroll.....  | 646,358              | -                         | -                     | -                        |
| Abandoned property.....   | 55,369               | -                         | -                     | -                        |
| Due to other funds.....   | -                    | -                         | -                     | -                        |
| Notes payable.....  | -                    | -                         | -                     | 5,288,000                |
| <b>TOTAL LIABILITIES.....</b>   | <b>1,025,626</b>     | <b>117,143</b>            | <b>-</b>              | <b>5,583,332</b>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                           |                       |                          |
| Taxes paid in advance.....  | 140,218              | 5,529                     | -                     | -                        |
| Unavailable revenue.....  | 2,440,119            | 32,900                    | -                     | -                        |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>                                     | <b>2,580,337</b>     | <b>38,429</b>             | <b>-</b>              | <b>-</b>                 |
| <b>FUND BALANCES</b>  |                      |                           |                       |                          |
| Nonspendable.....   | -                    | -                         | -                     | -                        |
| Restricted.....   | 510,884              | 8,889,765                 | 751,614               | -                        |
| Committed.....  | 3,255,428            | -                         | -                     | -                        |
| Assigned.....   | 1,360,521            | -                         | -                     | -                        |
| Unassigned.....   | 8,486,498            | -                         | -                     | (3,237,837)              |
| <b>TOTAL FUND BALANCES.....</b>   | <b>13,613,331</b>    | <b>8,889,765</b>          | <b>751,614</b>        | <b>(3,237,837)</b>       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES.....</b> | <b>\$ 17,219,294</b> | <b>\$ 9,045,337</b>       | <b>\$ 751,614</b>     | <b>\$ 2,345,495</b>      |

See notes to basic financial statements.



| <u>Middle School<br/>Construction</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------------|--|---|
| \$ 11,271,096                         | \$ 9,702,225                               | \$ 47,234,787                           |
| -                                     | -  | 1,066,304                               |
| -                                     | -  | 711,081                                 |
| -                                     | -  | 208,487                                 |
| -                                     | 5,500                                      | 143,641                                 |
| -                                     | 2,000                                      | 180,863                                 |
| 188,511                               | 2,514,477                                  | 2,920,765                               |
| -                                     | -  | 521,719                                 |
| -                                     | -  | 57,902                                  |
| <u>\$ 11,459,607</u>                  | <u>\$ 12,224,202</u>                       | <u>\$ 53,045,549</u>                    |
| \$ 3,572,643                          | \$ 1,743,144                               | \$ 6,052,161                            |
| 975                                   | 56,050                                     | 703,383                                 |
| -                                     | -  | 55,369                                  |
| -                                     | 57,902                                     | 57,902                                  |
| -                                     | 1,300,000                                  | 6,588,000                               |
| <u>3,573,618</u>                      | <u>3,157,096</u>                           | <u>13,456,815</u>                       |
| -                                     | -  | 145,747                                 |
| -                                     | 394,996                                    | 2,868,015                               |
| -                                     | 394,996                                    | 3,013,762                               |
| -                                     | 27,051                                     | 27,051                                  |
| 7,885,989                             | 10,157,168                                 | 28,195,420                              |
| -                                     | -  | 3,255,428                               |
| -                                     | -  | 1,360,521                               |
| -                                     | (1,512,109)                                | 3,736,552                               |
| <u>7,885,989</u>                      | <u>8,672,110</u>                           | <u>36,574,972</u>                       |
| <u>\$ 11,459,607</u>                  | <u>\$ 12,224,202</u>                       | <u>\$ 53,045,549</u>                    |

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

JUNE 30, 2017

|   |                      |
|---|----------------------|
| Total governmental fund balances.....   | \$ 36,574,972        |
| Capital assets (net) used in governmental activities are not financial resources<br>and, therefore, are not reported in the funds.....  | 172,622,971          |
| Accounts receivable are not available to pay for current-period<br>expenditures and, therefore, are unavailable in the funds.....   | 2,868,015            |
| Certain changes in the net pension liability are required to be included in pension<br>expense over future periods. These changes are reported as deferred outflows of<br>resources or (deferred inflows of resources) related to pensions..... | 3,645,100            |
| In the statement of activities, interest is accrued on outstanding long-term debt,<br>whereas in governmental funds interest is not reported until due.....   | (944,788)            |
| Long-term liabilities are not due and payable in the current period and, therefore,<br>are not reported in the governmental funds   |                      |
| Bonds payable.....  | (81,273,722)         |
| Capital lease obligations.....  | (789,204)            |
| Net pension liability.....  | (36,692,354)         |
| Other postemployment benefits.....  | (30,334,211)         |
| Compensated absences.....   | (1,727,306)          |
| Net effect of reporting long-term liabilities.....  | <u>(150,816,797)</u> |
| Net position of governmental activities.....  | <u>\$ 63,949,473</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

|   | General              | Community<br>Preservation | Affordable<br>Housing | Town Capital<br>Projects |
|---|----------------------|---------------------------|-----------------------|--------------------------|
| <b>REVENUES:</b>  |                      |                           |                       |                          |
| Real estate and personal property taxes,<br>net of tax refunds.....       | \$ 59,718,484        | \$ -                      | \$ -                  | \$ -                     |
| Tax liens.....  | 478,175              | 9,941                     | -                     | -                        |
| Motor vehicle and other excise taxes.....                                 | 3,350,152            | -                         | -                     | -                        |
| Penalties and interest on taxes.....                                      | 478,705              | 4,927                     | -                     | -                        |
| Fees and rentals.....   | 526,908              | -                         | -                     | -                        |
| Licenses and permits.....   | 659,832              | -                         | -                     | -                        |
| Fines and forfeitures.....  | 99,438               | -                         | -                     | -                        |
| Intergovernmental.....  | 16,548,339           | 217,777                   | -                     | -                        |
| Departmental and other.....   | 1,103,674            | -                         | -                     | -                        |
| Community Preservation surtax.....  | -                    | 1,431,186                 | -                     | -                        |
| Contributions.....  | -                    | -                         | -                     | -                        |
| Investment income.....  | 458,316              | 71,075                    | 6,885                 | -                        |
| <b>TOTAL REVENUES.....</b>  | <b>83,422,023</b>    | <b>1,734,906</b>          | <b>6,885</b>          | <b>-</b>                 |
| <b>EXPENDITURES:</b>  |                      |                           |                       |                          |
| Current:  |                      |                           |                       |                          |
| General government.....   | 3,385,797            | -                         | 11,717                | 79,816                   |
| Public safety.....  | 9,566,984            | -                         | -                     | 10,568,328               |
| Education.....  | 35,796,254           | -                         | -                     | -                        |
| Public works.....   | 3,962,774            | -                         | -                     | 4,778,216                |
| Human services.....   | 560,789              | -                         | -                     | -                        |
| Culture and recreation.....   | 1,066,380            | -                         | -                     | -                        |
| Community preservation.....   | -                    | 1,138,589                 | -                     | -                        |
| Pension benefits.....   | 13,067,450           | -                         | -                     | -                        |
| Employee benefits.....  | 6,519,284            | -                         | -                     | -                        |
| State and county charges.....   | 690,039              | -                         | -                     | -                        |
| Debt service:   |                      |                           |                       |                          |
| Principal.....  | 4,423,512            | -                         | -                     | -                        |
| Interest.....   | 3,285,814            | -                         | -                     | -                        |
| <b>TOTAL EXPENDITURES.....</b>  | <b>82,325,077</b>    | <b>1,138,589</b>          | <b>11,717</b>         | <b>15,426,360</b>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>1,096,946</b>     | <b>596,317</b>            | <b>(4,832)</b>        | <b>(15,426,360)</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                      |                           |                       |                          |
| Issuance of bonds and notes.....  | -                    | -                         | -                     | 3,500,000                |
| Premium from issuance of bonds and notes.....                             | 34,648               | -                         | -                     | -                        |
| Transfers in.....   | 1,442,237            | -                         | -                     | -                        |
| Transfers out.....  | (660,771)            | -                         | -                     | -                        |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                          | <b>816,114</b>       | <b>-</b>                  | <b>-</b>              | <b>3,500,000</b>         |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>1,913,060</b>     | <b>596,317</b>            | <b>(4,832)</b>        | <b>(11,926,360)</b>      |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                            | <b>11,700,271</b>    | <b>8,293,448</b>          | <b>756,446</b>        | <b>8,688,523</b>         |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 13,613,331</b> | <b>\$ 8,889,765</b>       | <b>\$ 751,614</b>     | <b>\$ (3,237,837)</b>    |

See notes to basic financial statements.

| Middle School<br>Construction | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------|-----------------------------------|--------------------------------|
| \$ -                          | \$ -                              | \$ 59,718,484                  |
| -                             | -                                 | 488,116                        |
| -                             | -                                 | 3,350,152                      |
| -                             | -                                 | 483,632                        |
| -                             | -                                 | 526,908                        |
| -                             | 277,563                           | 937,395                        |
| -                             | 1,425                             | 100,863                        |
| 11,353,976                    | 12,071,701                        | 40,191,793                     |
| -                             | 4,080,433                         | 5,184,107                      |
| -                             | -                                 | 1,431,186                      |
| -                             | 423,760                           | 423,760                        |
| -                             | 5,777                             | 542,053                        |
| <u>11,353,976</u>             | <u>16,860,659</u>                 | <u>113,378,449</u>             |
| -                             | 2,351,596                         | 5,828,926                      |
| -                             | 243,668                           | 20,378,980                     |
| 43,394,248                    | 4,694,792                         | 83,885,294                     |
| -                             | 3,507,962                         | 12,248,952                     |
| -                             | 332,095                           | 892,884                        |
| -                             | 6,710,570                         | 7,776,950                      |
| -                             | -                                 | 1,138,589                      |
| -                             | -                                 | 13,067,450                     |
| -                             | -                                 | 6,519,284                      |
| -                             | -                                 | 690,039                        |
| -                             | -                                 | 4,423,512                      |
| -                             | -                                 | 3,285,814                      |
| <u>43,394,248</u>             | <u>17,840,683</u>                 | <u>160,136,674</u>             |
| <u>(32,040,272)</u>           | <u>(980,024)</u>                  | <u>(46,758,225)</u>            |
| -                             | -                                 | 3,500,000                      |
| -                             | -                                 | 34,648                         |
| -                             | -                                 | 1,442,237                      |
| -                             | (645,070)                         | (1,305,841)                    |
| -                             | (645,070)                         | 3,671,044                      |
| (32,040,272)                  | (1,625,094)                       | (43,087,181)                   |
| <u>39,926,261</u>             | <u>10,297,204</u>                 | <u>79,662,153</u>              |
| \$ <u>7,885,989</u>           | \$ <u>8,672,110</u>               | \$ <u>36,574,972</u>           |

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

YEAR ENDED JUNE 30, 2017

|   |                 |
|---|-----------------|
| Net change in fund balances - total governmental funds..... | \$ (43,087,181) |
|---|-----------------|

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|   |             |            |
|---|-------------|------------|
| Capital outlay.....                         | 70,717,211  |            |
| Depreciation expense.....                   | (4,188,827) |            |
|   |             |            |
| Net effect of reporting capital assets..... |             | 66,528,384 |

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..... (683,682)

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.

|   |             |           |
|---|-------------|-----------|
| Capital lease payments.....                 | 247,291     |           |
| Issuance of bonds and notes.....            | (3,500,000) |           |
| Amortization of debt premiums.....          | 500,408     |           |
| Debt service principal payments.....        | 4,423,512   |           |
|   |             |           |
| Net effect of reporting long-term debt..... |             | 1,671,211 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

|   |             |             |
|---|-------------|-------------|
| Net change in compensated absences accrual.....                                   | (186,951)   |             |
| Net change in accrued interest on long-term debt.....                             | 15,935      |             |
| Net change in deferred outflow/(inflow) of resources related to pensions.....     | (466,642)   |             |
| Net change in net pension liability.....  | (477,915)   |             |
| Net change in other postemployment benefit accrual.....                           | (3,569,875) |             |
|   |             |             |
| Net effect of recording long-term liabilities and amortizing deferred losses..... |             | (4,685,448) |

|  |                      |
|--|----------------------|
| Change in net position of governmental activities..... | \$ <u>19,743,284</u> |
|--|----------------------|

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2017

|   | 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.....                    | \$ 7,654,919                                | \$ 2,578,893                | \$ 771,321               | \$ -                       | \$ 1,344,329               | \$ 12,349,462               |
| Receivables, net of allowance for uncollectibles: |   |                             |                          |                            |                            |                             |
| User fees.....                                    | 2,048,985                                   | 612,618                     | -                        | -                          | -                          | 2,661,603                   |
| Water and sewer liens.....                        | 38,602                                      | 45,815                      | -                        | -                          | -                          | 84,417                      |
| Special assessments.....                          | -   | 721,663                     | -                        | -                          | -                          | 721,663                     |
| Intergovernmental.....                            | -   | 300,894                     | -                        | -                          | -                          | 300,894                     |
| Due from other funds.....                         | 41,825                                      | -                           | -                        | -                          | -                          | 41,825                      |
| Inventory.....                                    | -   | -                           | -                        | 27,480                     | -                          | 27,480                      |
| Total current assets.....                         | <u>9,784,331</u>                            | <u>4,259,883</u>            | <u>771,321</u>           | <u>27,480</u>              | <u>1,344,329</u>           | <u>16,187,344</u>           |
| <b>NONCURRENT:</b>                                |   |                             |                          |                            |                            |                             |
| Receivables, net of allowance for uncollectibles: |   |                             |                          |                            |                            |                             |
| Special assessments.....                          | -   | 7,732,928                   | -                        | -                          | -                          | 7,732,928                   |
| Intergovernmental.....                            | -   | 398,334                     | -                        | -                          | -                          | 398,334                     |
| Capital assets, net of accumulated depreciation:  |   |                             |                          |                            |                            |                             |
| Nondepreciable.....                               | 4,591,110                                   | 93,366                      | -                        | -                          | 3,754,464                  | 8,438,940                   |
| Depreciable.....                                  | <u>23,976,052</u>                           | <u>34,063,200</u>           | <u>1,304,526</u>         | <u>1,705,922</u>           | <u>2,738,846</u>           | <u>63,788,546</u>           |
| Total noncurrent assets.....                      | <u>28,567,162</u>                           | <u>42,287,828</u>           | <u>1,304,526</u>         | <u>1,705,922</u>           | <u>6,493,310</u>           | <u>80,358,748</u>           |
| <b>TOTAL ASSETS.....</b>                          | <b><u>38,351,493</u></b>                    | <b><u>46,547,711</u></b>    | <b><u>2,075,847</u></b>  | <b><u>1,733,402</u></b>    | <b><u>7,837,639</u></b>    | <b><u>96,546,092</u></b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |   |                             |                          |                            |                            |                             |
| Deferred outflows related to pension.....         | <u>265,339</u>                              | <u>129,701</u>              | <u>72,059</u>            | <u>52,632</u>              | <u>116,994</u>             | <u>636,725</u>              |
| <b>LIABILITIES</b>                                |   |                             |                          |                            |                            |                             |
| <b>CURRENT:</b>                                   |   |                             |                          |                            |                            |                             |
| Warrants payable.....                             | 832,992                                     | 50,663                      | 59,334                   | 3,472                      | 9,626                      | 956,087                     |
| Accrued payroll.....                              | 51,393                                      | 27,807                      | 8,914                    | 9,881                      | 21,446                     | 119,441                     |
| Accrued interest.....                             | 207,048                                     | 170,865                     | 569                      | -                          | 24,007                     | 402,489                     |
| Other liabilities.....                            | -   | -                           | -                        | 78,706                     | -                          | 78,706                      |
| Capital lease obligations.....                    | -   | -                           | -                        | 46,272                     | -                          | 46,272                      |
| Landfill closure.....                             | -   | -                           | 72,000                   | -                          | -                          | 72,000                      |
| Compensated absences.....                         | 38,900                                      | 13,700                      | 12,700                   | -                          | 11,200                     | 76,500                      |
| Due to other funds.....                           | -   | -                           | -                        | 41,825                     | -                          | 41,825                      |
| Notes payable.....                                | 5,550,000                                   | 1,025,000                   | -                        | -                          | 195,000                    | 6,770,000                   |
| Bonds payable.....                                | <u>1,055,313</u>                            | <u>2,092,633</u>            | <u>15,000</u>            | <u>-</u>                   | <u>332,905</u>             | <u>3,495,851</u>            |
| Total current liabilities.....                    | <u>7,735,646</u>                            | <u>3,380,668</u>            | <u>168,517</u>           | <u>180,156</u>             | <u>594,184</u>             | <u>12,059,171</u>           |
| <b>NONCURRENT:</b>                                |   |                             |                          |                            |                            |                             |
| Capital lease obligations.....                    | -   | -                           | -                        | 93,993                     | -                          | 93,993                      |
| Landfill closure.....                             | -   | -                           | 859,000                  | -                          | -                          | 859,000                     |
| Compensated absences.....                         | 24,628                                      | 5,893                       | 10,088                   | -                          | 5,644                      | 46,253                      |
| Net pension liability.....                        | 2,023,862                                   | 989,289                     | 549,623                  | 401,446                    | 892,361                    | 4,856,581                   |
| Other postemployment benefits.....                | 571,840                                     | 193,303                     | 163,113                  | 27,395                     | 108,284                    | 1,063,935                   |
| Bonds payable.....                                | <u>16,597,919</u>                           | <u>12,898,244</u>           | <u>30,000</u>            | <u>-</u>                   | <u>1,845,921</u>           | <u>31,372,084</u>           |
| Total noncurrent liabilities.....                 | <u>19,218,249</u>                           | <u>14,086,729</u>           | <u>1,611,824</u>         | <u>522,834</u>             | <u>2,852,210</u>           | <u>38,291,846</u>           |
| <b>TOTAL LIABILITIES.....</b>                     | <b><u>26,953,895</u></b>                    | <b><u>17,467,397</u></b>    | <b><u>1,780,341</u></b>  | <b><u>702,990</u></b>      | <b><u>3,446,394</u></b>    | <b><u>50,351,017</u></b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |   |                             |                          |                            |                            |                             |
| Deferred inflows related to pension.....          | <u>64,284</u>                               | <u>31,423</u>               | <u>17,458</u>            | <u>12,751</u>              | <u>28,344</u>              | <u>154,260</u>              |
| <b>NET POSITION</b>                               |   |                             |                          |                            |                            |                             |
| Net investment in capital assets.....             | 9,594,515                                   | 19,239,983                  | 1,259,526                | 1,565,657                  | 5,454,187                  | 37,113,868                  |
| Unrestricted.....                                 | <u>2,004,138</u>                            | <u>9,938,609</u>            | <u>(909,419)</u>         | <u>(495,364)</u>           | <u>(974,292)</u>           | <u>9,563,672</u>            |
| <b>TOTAL NET POSITION.....</b>                    | <b><u>\$ 11,598,653</u></b>                 | <b><u>\$ 29,178,592</u></b> | <b><u>\$ 350,107</u></b> | <b><u>\$ 1,070,293</u></b> | <b><u>\$ 4,479,895</u></b> | <b><u>\$ 46,677,540</u></b> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

| Business-type Activities - Enterprise Funds                 |                      |                      |                     |                             |                     |                      |
|---|----------------------|----------------------|---------------------|-----------------------------|---------------------|----------------------|
|   | Water                | Sewer                | Transfer<br>Station | Widow's Walk<br>Golf Course | Waterways           | Total                |
| <b>OPERATING REVENUES:</b>                                  |                      |                      |                     |                             |                     |                      |
| Charges for services.....                                   | \$ 4,120,242         | \$ 1,733,190         | \$ 1,105,277        | \$ 1,111,370                | \$ 1,006,630        | \$ 9,076,709         |
| Other.....  | -                    | -                    | -                   | -                           | 175,907             | 175,907              |
| <b>TOTAL OPERATING REVENUES.....</b>                        | <b>4,120,242</b>     | <b>1,733,190</b>     | <b>1,105,277</b>    | <b>1,111,370</b>            | <b>1,182,537</b>    | <b>9,252,616</b>     |
| <b>OPERATING EXPENSES:</b>                                  |                      |                      |                     |                             |                     |                      |
| Cost of services and administration.....                    | 2,086,918            | 1,239,001            | 960,513             | 817,726                     | 718,412             | 5,822,570            |
| Depreciation.....   | 857,150              | 1,044,126            | 90,788              | 208,434                     | 342,950             | 2,543,448            |
| <b>TOTAL OPERATING EXPENSES.....</b>                        | <b>2,944,068</b>     | <b>2,283,127</b>     | <b>1,051,301</b>    | <b>1,026,160</b>            | <b>1,061,362</b>    | <b>8,366,018</b>     |
| <b>OPERATING INCOME (LOSS).....</b>                         | <b>1,176,174</b>     | <b>(549,937)</b>     | <b>53,976</b>       | <b>85,210</b>               | <b>121,175</b>      | <b>886,598</b>       |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                    |                      |                      |                     |                             |                     |                      |
| Investment income/(loss).....                               | 58,852               | 16,192               | 5,745               | 121                         | 8,985               | 89,895               |
| Interest expense.....                                       | (601,027)            | (485,112)            | (2,375)             | (2,500)                     | (51,198)            | (1,142,212)          |
| Intergovernmental.....                                      | -                    | 137,401              | 278                 | -                           | -                   | 137,679              |
| Boat excise taxes.....                                      | -                    | -                    | -                   | -                           | 39,761              | 39,761               |
| Penalties and interest.....                                 | 29,585               | 376,476              | -                   | -                           | -                   | 406,061              |
| <b>TOTAL NONOPERATING<br/>REVENUES (EXPENSES), NET.....</b> | <b>(512,590)</b>     | <b>44,957</b>        | <b>3,648</b>        | <b>(2,379)</b>              | <b>(2,452)</b>      | <b>(468,816)</b>     |
| <b>INCOME (LOSS) BEFORE TRANSFERS.....</b>                  | <b>663,584</b>       | <b>(504,980)</b>     | <b>57,624</b>       | <b>82,831</b>               | <b>118,723</b>      | <b>417,782</b>       |
| <b>TRANSFERS:</b>   |                      |                      |                     |                             |                     |                      |
| Transfers in.....   | -                    | 660,771              | -                   | -                           | -                   | 660,771              |
| Transfers out.....  | (323,551)            | (206,553)            | (153,616)           | (57,716)                    | (55,731)            | (797,167)            |
| <b>TOTAL TRANSFERS.....</b>                                 | <b>(323,551)</b>     | <b>454,218</b>       | <b>(153,616)</b>    | <b>(57,716)</b>             | <b>(55,731)</b>     | <b>(136,396)</b>     |
| <b>CHANGE IN NET POSITION.....</b>                          | <b>340,033</b>       | <b>(50,762)</b>      | <b>(95,992)</b>     | <b>25,115</b>               | <b>62,992</b>       | <b>281,386</b>       |
| <b>NET POSITION AT BEGINNING OF YEAR.....</b>               | <b>11,258,620</b>    | <b>29,229,354</b>    | <b>446,099</b>      | <b>1,045,178</b>            | <b>4,416,903</b>    | <b>46,396,154</b>    |
| <b>NET POSITION AT END OF YEAR.....</b>                     | <b>\$ 11,598,653</b> | <b>\$ 29,178,592</b> | <b>\$ 350,107</b>   | <b>\$ 1,070,293</b>         | <b>\$ 4,479,895</b> | <b>\$ 46,677,540</b> |

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2017

|   | 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.....  | \$ 4,165,446                                | \$ 2,011,308 | \$ 1,105,277     | \$ 1,111,370             | \$ 1,182,537 | \$ 9,575,938  |
| Payments to vendors.....  | (1,179,048)                                 | (819,109)    | (812,745)        | (642,741)                | (250,689)    | (3,704,332)   |
| Payments to employees.....  | (867,470)                                   | (389,543)    | (216,420)        | (150,845)                | (401,509)    | (2,025,787)   |
| NET CASH FROM OPERATING ACTIVITIES.....   | 2,118,928                                   | 802,656      | 76,112           | 317,784                  | 530,339      | 3,845,819     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                 |   |              |                  |                          |              |               |
| Transfers in.....   | -   | 660,771      | -                | -                        | -            | 660,771       |
| Transfers out.....  | (323,551)                                   | (206,553)    | (153,616)        | (57,716)                 | (55,731)     | (797,167)     |
| Boat excise taxes.....  | -   | -            | -                | -                        | 39,761       | 39,761        |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....                                      | (323,551)                                   | 454,218      | (153,616)        | (57,716)                 | (15,970)     | (96,635)      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                        |   |              |                  |                          |              |               |
| Proceeds from the issuance of bonds and notes.....                                      | 5,550,000                                   | 1,025,000    | -                | -                        | 195,000      | 6,770,000     |
| Acquisition and construction of capital assets.....                                     | (4,054,229)                                 | (874,506)    | (15,232)         | -                        | (146,712)    | (5,090,679)   |
| Principal payments on bonds and notes.....  | (3,078,400)                                 | (2,681,314)  | (15,000)         | (375,000)                | (512,000)    | (6,661,714)   |
| Interest expense.....   | (716,783)                                   | (528,458)    | (2,548)          | (7,500)                  | (86,770)     | (1,342,059)   |
| Capital contributions.....  | -   | 1,345,770    | -                | -                        | -            | 1,345,770     |
| Capital lease payments.....   | -   | -            | -                | (46,182)                 | -            | (46,182)      |
| Intergovernmental grants.....   | -   | -            | 278              | -                        | -            | 278           |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....                             | (2,299,412)                                 | (1,713,508)  | (32,502)         | (428,682)                | (550,482)    | (5,024,586)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |              |                  |                          |              |               |
| Investment income.....  | 58,852                                      | 16,192       | 5,745            | 121                      | 8,985        | 89,895        |
| NET CASH FROM INVESTING ACTIVITIES.....   | 58,852                                      | 16,192       | 5,745            | 121                      | 8,985        | 89,895        |
| NET CHANGE IN CASH AND CASH EQUIVALENTS.....  | (445,183)                                   | (440,442)    | (104,261)        | (168,493)                | (27,128)     | (1,185,507)   |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....                                     | 8,100,102                                   | 3,019,335    | 875,582          | 168,493                  | 1,371,457    | 13,534,969    |
| CASH AND CASH EQUIVALENTS AT END OF YEAR.....   | \$ 7,654,919                                | \$ 2,578,893 | \$ 771,321       | \$ -                     | \$ 1,344,329 | \$ 12,349,462 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b> |   |              |                  |                          |              |               |
| Operating income (loss).....  | \$ 1,176,174                                | \$ (549,937) | \$ 53,976        | \$ 85,210                | \$ 121,175   | \$ 886,598    |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |   |              |                  |                          |              |               |
| Depreciation.....   | 857,150                                     | 1,044,126    | 90,788           | 208,434                  | 342,950      | 2,543,448     |
| Receipts from users penalties and interest.....   | 29,585                                      | 376,476      | -                | -                        | -            | 406,061       |
| Deferred (outflows)/inflows related to pensions.....                                    | 30,000                                      | 19,082       | 10,601           | 8,669                    | 10,790       | 79,142        |
| Changes in assets and liabilities:  |   |              |                  |                          |              |               |
| Water and sewer liens.....  | 18,940                                      | 24,418       | -                | -                        | -            | 43,358        |
| User fees.....  | (3,321)                                     | (122,776)    | -                | -                        | -            | (126,097)     |
| Inventory.....  | -   | -            | -                | 4,812                    | -            | 4,812         |
| Warrants payable.....   | -   | 15,287       | -                | (2,713)                  | 8,601        | 21,175        |
| Accrued liabilities.....  | -   | -            | -                | (4,949)                  | -            | (4,949)       |
| Accrued payroll.....  | 19,431                                      | 11,265       | 1,722            | 4,092                    | 6,617        | 43,127        |
| Landfill closure.....   | -   | -            | (51,000)         | -                        | -            | (51,000)      |
| Internal balances.....  | (41,825)                                    | -            | -                | 41,825                   | -            | -             |
| Accrued compensated absences.....   | (10,772)                                    | 3,128        | (10,778)         | -                        | 6,994        | (11,428)      |
| Net pension liability.....  | (11,168)                                    | (44,364)     | (24,647)         | (26,157)                 | 16,538       | (89,798)      |
| Other postemployment benefits.....  | 54,734                                      | 25,951       | 5,450            | (1,439)                  | 16,674       | 101,370       |
| Total adjustments.....  | 942,754                                     | 1,352,593    | 22,136           | 232,574                  | 409,164      | 2,959,221     |
| NET CASH FROM OPERATING ACTIVITIES.....   | \$ 2,118,928                                | \$ 802,656   | \$ 76,112        | \$ 317,784               | \$ 530,339   | \$ 3,845,819  |
| <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>                            |   |              |                  |                          |              |               |
| Amortization of debt premium.....   | \$ (105,449)                                | \$ -         | \$ -             | \$ -                     | \$ (35,077)  | \$ (140,526)  |
| Intergovernmental subsidy of debt service - principal.....                              | -   | 231,934      | -                | -                        | -            | 231,934       |
| Intergovernmental subsidy of debt service - interest.....                               | -   | 170,711      | -                | -                        | -            | 170,711       |

See notes to basic financial statements.



**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

|   | Other<br>Postemployment<br>Benefits<br>Trust Fund | Private<br>Purpose<br>Trust Funds | Agency<br>Funds  |
|---|---|-----------------------------------|------------------|
| <b>ASSETS</b>                                     |   |                                   |                  |
| <b>CURRENT:</b>                                   |   |                                   |                  |
| Cash and cash equivalents.....                    | \$ 820,135  | \$ 267,965                        | \$ 2,514,721     |
| Receivables, net of allowance for uncollectibles: |   |                                   |                  |
| Departmental and other.....                       | -   | -                                 | 83,270           |
| <b>TOTAL ASSETS.....</b>                          | <b>820,135</b>                                    | <b>267,965</b>                    | <b>2,597,991</b> |
| <b>LIABILITIES</b>                                |   |                                   |                  |
| Warrants payable.....                             | -   | -                                 | 769,649          |
| Accrued liabilities.....                          | -   | -                                 | 629,333          |
| Liabilities due depositors.....                   | -   | -                                 | 1,199,009        |
| <b>TOTAL LIABILITIES.....</b>                     | <b>-</b>  | <b>-</b>                          | <b>2,597,991</b> |
| <b>NET POSITION</b>                               |   |                                   |                  |
| Restricted for other postemployment benefits..... | 820,135   | -                                 | -                |
| Held in trust for other purposes.....             | -   | 267,965                           | -                |
| <b>TOTAL NET POSITION.....</b>                    | <b>\$ 820,135</b>                                 | <b>\$ 267,965</b>                 | <b>\$ -</b>      |

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

YEAR ENDED JUNE 30, 2017

|   | Other<br>Postemployment<br>Benefits<br>Trust Fund | Private<br>Purpose<br>Trust Funds |
|---|---|-----------------------------------|
| <b>ADDITIONS:</b>                                   |   |                                   |
| Contributions:                                      |   |                                   |
| Employer contributions.....                         | \$ 137,473  | \$ -                              |
| Employer contributions to pay benefit payments..... | 2,363,041   | -                                 |
| Private donations.....                              | -   | 3,453                             |
|   | <u>2,500,514</u>                                  | <u>3,453</u>                      |
| Total contributions.....                            |   |                                   |
|   | <u>2,500,514</u>                                  | <u>3,453</u>                      |
| Net investment income (loss):                       |   |                                   |
| Interest.....                                       | 6,740   | 922                               |
|   | <u>6,740</u>                                      | <u>922</u>                        |
| TOTAL ADDITIONS.....                                | <u>2,507,254</u>                                  | <u>4,375</u>                      |
| <b>DEDUCTIONS:</b>                                  |   |                                   |
| Benefit payments.....                               | 2,363,041   | -                                 |
| Educational scholarships.....                       | -   | 15,750                            |
|   | <u>2,363,041</u>                                  | <u>15,750</u>                     |
| TOTAL DEDUCTIONS.....                               | <u>2,363,041</u>                                  | <u>15,750</u>                     |
| CHANGE IN NET POSITION.....                         | 144,213   | (11,375)                          |
| NET POSITION AT BEGINNING OF YEAR.....              | <u>675,922</u>                                    | <u>279,340</u>                    |
| NET POSITION AT END OF YEAR.....                    | <u>\$ 820,135</u>                                 | <u>\$ 267,965</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 is a member of the South Shore Vocational Technical High School District along with the Towns of Abington, Cohasset, Hanover, Hanson, Norwell, Rockland and Whitman. The South Shore Vocational Technical High School District serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the South Shore Vocational Technical High School District and each member is responsible for its proportionate share of the operational and capital cost of the South Shore Vocational Technical High School District, which are paid in the form of assessments. The Town does not have an equity interest in the South Shore Vocational Technical High School District and the 2017 assessment was \$706,301. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, Massachusetts 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 endeavors to create more affordable housing options.

The *Town capital projects fund* is used to account for the construction and renovation of Town projects.

The *Middle School construction fund* is used to account for the design and construction of the Town's new middle school.

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

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.

#### 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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

#### F. 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 for 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.

### **G. 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 Widow's Walk golf course enterprise fund are carried at average cost.

### **H. 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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. 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 years. 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<br/>Useful<br/>Life<br/>(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.

I. 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 has reported deferred outflows of resources related to pensions 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 has reported deferred inflows of resources related to pensions and taxes paid in advance 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 taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. 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.

K. 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.

L. 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.

M. 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.

"Community preservation" represents assets that are restricted for use in accordance with the Massachusetts Community Preservation Act (the CPA).

"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.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plymouth County Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. 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.

P. 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).

Q. 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.

R. 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.

S. Individual Fund Deficits

At June 30, 2017, the Town Capital Projects Fund reports a fund deficit of \$3.2 million. This deficit will be funded with available funds and bond proceeds.

T. 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 MMDT Cash Portfolio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Cash Portfolio also adheres to GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The Cash Portfolio is managed to seek to maintain a stable \$1 unit price, although there is no guarantee that it will be able to do so.

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 \$57,819,771 and the bank balance totaled \$60,166,337. Of the bank balance, \$2,750,000 was covered by Federal Depository Insurance, \$43,150,704 was covered by the Depositors Insurance Fund, \$1,933,308 was covered by the Share Insurance Fund, \$4,912,725 was collateralized, and \$7,419,600 was uninsured and uncollateralized.

The Town's investments consisted solely of MMDT investments totaling \$5,367,299.

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, 2017, the Town does not have any investments subject to custodial credit risk.

#### Interest Rate Risk

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, MMDT Cash Portfolio and bank deposits. At year end, the Town’s investment in MMDT is unrated.

#### Concentration of Credit Risk

The Town’s investment policy allows the Treasurer to invest an unlimited amount in MMDT, U.S. Treasury Obligations, U.S. 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 Federal Depository Insurance Coverage (FDIC), Depositors Insurance Fund (DIF), or Share Insurance Fund (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.

#### Fair Value Measurement

The Town holds investments in the MMDT Cash Portfolio which are valued at amortized cost. The total value of the portfolio as of June 30, 2017 is \$5,367,299. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by MMDT’s adviser, Federated Investment Counseling.

**NOTE 3 – RECEIVABLES**

At June 30, 2017, 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<br>Amount     | Allowance<br>for<br>Uncollectibles | Net<br>Amount       |
|--|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u>                          |                     |                                    |                     |
| Real estate and personal property taxes..... | \$ 1,079,836        | \$ (13,532)                        | \$ 1,066,304        |
| Tax liens.....                               | 711,081             | -                                  | 711,081             |
| Motor vehicle and other excise taxes.....    | 233,480             | (24,993)                           | 208,487             |
| Departmental and other.....                  | 688,902             | (461,991)                          | 226,911             |
| Special assessments.....                     | 180,863             | -                                  | 180,863             |
| Intergovernmental.....                       | 2,920,765           | -                                  | 2,920,765           |
| Total.....                                   | <u>\$ 5,814,927</u> | <u>\$ (500,516)</u>                | <u>\$ 5,314,411</u> |

At June 30, 2017, receivables for the enterprise funds consist of the following:

|                            | Gross<br>Amount      | Allowance<br>for<br>Uncollectibles | Net<br>Amount        |
|----------------------------|----------------------|------------------------------------|----------------------|
| <u>Receivables:</u>        |                      |                                    |                      |
| User fees.....             | \$ 2,661,603         | \$ -                               | \$ 2,661,603         |
| Water and sewer liens..... | 84,417               | -                                  | 84,417               |
| Special assessments.....   | 8,454,591            | -                                  | 8,454,591            |
| Intergovernmental.....     | 699,228              | -                                  | 699,228              |
| Total.....                 | <u>\$ 11,899,839</u> | <u>\$ -</u>                        | <u>\$ 11,899,839</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<br>Fund     | Community<br>Preservation | Nonmajor<br>Governmental<br>Funds | Total               |
|--|---------------------|---------------------------|-----------------------------------|---------------------|
| <u>Receivable and other asset type:</u>      |                     |                           |                                   |                     |
| Real estate and personal property taxes..... | \$ 699,376          | \$ 15,352                 | \$ -                              | \$ 714,728          |
| Tax liens.....                               | 693,533             | 17,548                    | -                                 | 711,081             |
| Motor vehicle and other excise taxes.....    | 208,487             | -                         | -                                 | 208,487             |
| Departmental and other.....                  | 138,141             | -                         | 5,500                             | 143,641             |
| Special assessments.....                     | 178,863             | -                         | 2,000                             | 180,863             |
| Intergovernmental.....                       | -                   | -                         | 387,496                           | 387,496             |
| Tax foreclosures.....                        | 521,719             | -                         | -                                 | 521,719             |
| Total.....                                   | <u>\$ 2,440,119</u> | <u>\$ 32,900</u>          | <u>\$ 394,996</u>                 | <u>\$ 2,868,015</u> |



**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

**Governmental Activities**

|  | Beginning<br>Balance | Increases     | Decreases       | Ending<br>Balance |
|--|----------------------|---------------|-----------------|-------------------|
| <b>Governmental Activities:</b>                        |                      |               |                 |                   |
| <u>Capital assets not being depreciated:</u>           |                      |               |                 |                   |
| Land.....  | \$ 21,096,962        | \$ 7,500      | \$ -            | \$ 21,104,462     |
| Construction in progress.....                          | 29,757,083           | 50,124,013    | (12,476,303)    | 67,404,793        |
| Total capital assets not being depreciated.....        | 50,854,045           | 50,131,513    | (12,476,303)    | 88,509,255        |
| <u>Capital assets being depreciated:</u>               |                      |               |                 |                   |
| Land improvements.....                                 | 3,643,322            | 646,840       | -               | 4,290,162         |
| Buildings and building improvements.....               | 47,625,344           | 28,932,538    | -               | 76,557,882        |
| Machinery and equipment.....                           | 10,425,244           | 786,963       | -               | 11,212,207        |
| Infrastructure.....                                    | 31,358,111           | 2,081,040     | (424,312)       | 33,014,839        |
| Vehicles.....  | 8,212,661            | 614,620       | -               | 8,827,281         |
| Total capital assets being depreciated.....            | 101,264,682          | 33,062,001    | (424,312)       | 133,902,371       |
| <u>Less accumulated depreciation for:</u>              |                      |               |                 |                   |
| Land improvements.....                                 | (1,009,481)          | (151,388)     | -               | (1,160,869)       |
| Buildings and building improvements.....               | (16,821,158)         | (1,403,160)   | -               | (18,224,318)      |
| Machinery and equipment.....                           | (8,412,762)          | (661,777)     | -               | (9,074,539)       |
| Infrastructure.....                                    | (14,720,725)         | (1,254,015)   | 424,312         | (15,550,428)      |
| Vehicles.....  | (5,060,014)          | (718,487)     | -               | (5,778,501)       |
| Total accumulated depreciation.....                    | (46,024,140)         | (4,188,827)   | 424,312         | (49,788,655)      |
| Total capital assets being depreciated, net.....       | 55,240,542           | 28,873,174    | -               | 84,113,716        |
| Total governmental activities capital assets, net..... | \$ 106,094,587       | \$ 79,004,687 | \$ (12,476,303) | \$ 172,622,971    |

**Business-Type Activities**

|  | Beginning<br>Balance | Increases    | Decreases | Ending<br>Balance |
|--|----------------------|--------------|-----------|-------------------|
| <b>Water:</b>                                    |                      |              |           |                   |
| <u>Capital assets not being depreciated:</u>     |                      |              |           |                   |
| Construction in progress.....                    | \$ -                 | \$ 4,591,110 | \$ -      | \$ 4,591,110      |
| <u>Capital assets being depreciated:</u>         |                      |              |           |                   |
| Buildings and building improvements.....         | 9,500                | -            | -         | 9,500             |
| Machinery and equipment.....                     | 730,855              | 65,483       | -         | 796,338           |
| Infrastructure.....                              | 37,162,952           | -            | -         | 37,162,952        |
| Vehicles.....                                    | 380,073              | 59,588       | -         | 439,661           |
| Total capital assets being depreciated.....      | 38,283,380           | 125,071      | -         | 38,408,451        |
| <u>Less accumulated depreciation for:</u>        |                      |              |           |                   |
| Buildings and building improvements.....         | (3,480)              | (238)        | -         | (3,718)           |
| Machinery and equipment.....                     | (314,560)            | (75,638)     | -         | (390,198)         |
| Infrastructure.....                              | (12,998,945)         | (744,530)    | -         | (13,743,475)      |
| Vehicles.....                                    | (258,264)            | (36,744)     | -         | (295,008)         |
| Total accumulated depreciation.....              | (13,575,249)         | (857,150)    | -         | (14,432,399)      |
| Total capital assets being depreciated, net..... | 24,708,131           | (732,079)    | -         | 23,976,052        |
| Total water capital assets, net.....             | \$ 24,708,131        | \$ 3,859,031 | \$ -      | \$ 28,567,162     |
| <b>Sewer:</b>                                    |                      |              |           |                   |
| <u>Capital assets not being depreciated:</u>     |                      |              |           |                   |
| Construction in progress.....                    | \$ -                 | \$ 93,366    | \$ -      | \$ 93,366         |
| <u>Capital assets being depreciated:</u>         |                      |              |           |                   |
| Buildings and building improvements.....         | \$ 9,826,598         | \$ 722,020   | \$ -      | \$ 10,548,618     |
| Machinery and equipment.....                     | 8,009,046            | 59,120       | -         | 8,068,166         |
| Vehicles.....                                    | 202,382              | -            | -         | 202,382           |
| Infrastructure.....                              | 32,166,646           | -            | -         | 32,166,646        |
| Total capital assets being depreciated.....      | 50,204,672           | 781,140      | -         | 50,985,812        |
| <u>Less accumulated depreciation for:</u>        |                      |              |           |                   |
| Buildings and building improvements.....         | (5,479,435)          | (204,781)    | -         | (5,684,216)       |
| Machinery and equipment.....                     | (3,773,716)          | (173,525)    | -         | (3,947,241)       |
| Infrastructure.....                              | (6,408,525)          | (660,573)    | -         | (7,069,098)       |
| Vehicles.....                                    | (216,810)            | (5,247)      | -         | (222,057)         |
| Total accumulated depreciation.....              | (15,878,486)         | (1,044,126)  | -         | (16,922,612)      |
| Total capital assets being depreciated, net..... | 34,326,186           | (262,986)    | -         | 34,063,200        |
| Total sewer capital assets, net.....             | \$ 34,326,186        | \$ (169,620) | \$ -      | \$ 34,156,566     |

|   | Beginning<br>Balance | Increases    | Decreases | Ending<br>Balance |
|---|----------------------|--------------|-----------|-------------------|
| <b>Transfer Station:</b>                                |                      |              |           |                   |
| <u>Capital assets being depreciated:</u>                |                      |              |           |                   |
| Buildings and building improvements.....                | \$ 2,221,043         | \$ -         | \$ -      | \$ 2,221,043      |
| Machinery and equipment.....                            | 630,156              | -            | -         | 630,156           |
| Vehicles.....   | 62,858               | -            | -         | 62,858            |
| Total capital assets being depreciated.....             | 2,914,057            | -            | -         | 2,914,057         |
| <u>Less accumulated depreciation for:</u>               |                      |              |           |                   |
| Buildings and building improvements.....                | (1,066,028)          | (48,848)     | -         | (1,114,876)       |
| Machinery and equipment.....                            | (430,603)            | (32,885)     | -         | (463,488)         |
| Vehicles.....   | (22,112)             | (9,055)      | -         | (31,167)          |
| Total accumulated depreciation.....                     | (1,518,743)          | (90,788)     | -         | (1,609,531)       |
| Total transfer station capital assets, net.....         | \$ 1,395,314         | \$ (90,788)  | \$ -      | \$ 1,304,526      |
| <br>  |                      |              |           |                   |
|   | Beginning<br>Balance | Increases    | Decreases | Ending<br>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.....                            | 1,414,564            | 30,177       | -         | 1,444,741         |
| Total capital assets being depreciated.....             | 6,213,372            | 30,177       | -         | 6,243,549         |
| <u>Less accumulated depreciation for:</u>               |                      |              |           |                   |
| Land improvements.....                                  | (2,671,530)          | (105,671)    | -         | (2,777,201)       |
| Buildings and building improvements.....                | (434,443)            | (23,279)     | -         | (457,722)         |
| Machinery and equipment.....                            | (1,223,220)          | (79,484)     | -         | (1,302,704)       |
| Total accumulated depreciation.....                     | (4,329,193)          | (208,434)    | -         | (4,537,627)       |
| Total Widow's Walk golf course capital assets, net..... | \$ 1,884,179         | \$ (178,257) | \$ -      | \$ 1,705,922      |

|  | Beginning<br>Balance | Increases    | Decreases | Ending<br>Balance |
|--|----------------------|--------------|-----------|-------------------|
| <b>Waterways:</b>                                |                      |              |           |                   |
| <u>Capital assets not being depreciated:</u>     |                      |              |           |                   |
| Land.....  | \$ 3,675,000         | \$ -         | \$ -      | \$ 3,675,000      |
| Construction in progress.....                    | -                    | 79,464       | -         | 79,464            |
| Total capital assets not being depreciated.....  | 3,675,000            | 79,464       | -         | 3,754,464         |
| <u>Capital assets being depreciated:</u>         |                      |              |           |                   |
| Land improvements.....                           | 5,035,082            | -            | -         | 5,035,082         |
| Buildings and building improvements.....         | 955,686              | -            | -         | 955,686           |
| Machinery and equipment.....                     | 1,677,314            | 7,800        | -         | 1,685,114         |
| Vehicles.....                                    | -                    | 150,000      | -         | 150,000           |
| Infrastructure.....                              | 103,300              | 3,975        | -         | 107,275           |
| Total capital assets being depreciated.....      | 7,771,382            | 161,775      | -         | 7,933,157         |
| <u>Less accumulated depreciation for:</u>        |                      |              |           |                   |
| Land improvements.....                           | (3,435,873)          | (235,088)    | -         | (3,670,961)       |
| Buildings and building improvements.....         | (302,010)            | (24,280)     | -         | (326,290)         |
| Machinery and equipment.....                     | (1,112,445)          | (67,509)     | -         | (1,179,954)       |
| Vehicles.....                                    | -                    | (15,000)     | -         | (15,000)          |
| Infrastructure.....                              | (1,033)              | (1,073)      | -         | (2,106)           |
| Total accumulated depreciation.....              | (4,851,361)          | (342,950)    | -         | (5,194,311)       |
| Total capital assets being depreciated, net..... | 2,920,021            | (181,175)    | -         | 2,738,846         |
| Total waterways capital assets, net.....         | \$ 6,595,021         | \$ (101,711) | \$ -      | \$ 6,493,310      |

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

**Governmental Activities:**

|                             |            |
|-----------------------------|------------|
| General government.....     | \$ 228,601 |
| Public safety.....          | 498,937    |
| Education.....              | 1,542,055  |
| Public works.....           | 1,639,227  |
| Human services.....         | 5,467      |
| Culture and recreation..... | 181,082    |
| Community preservation..... | 93,458     |

Total depreciation expense - governmental activities..... \$ 4,188,827

**Business-Type Activities:**

|                               |            |
|-------------------------------|------------|
| Water.....                    | \$ 857,150 |
| Sewer.....                    | 1,044,126  |
| Transfer Station.....         | 90,788     |
| Widow's Walk Golf Course..... | 208,434    |
| Waterways.....                | 342,950    |

Total depreciation expense - business-type activities..... \$ 2,543,448

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

At June 30, 2017, the Town's interfund receivables, payables and transfers are as follows:

Due to/from other funds

| Receivable Fund           | Payable Fund                  | Amount           |
|---------------------------|-------------------------------|------------------|
| Governmental Activities:  |                               |                  |
| General Fund              | Highway Improvements.....     | \$ <u>57,902</u> |
| Business-Type Activities: |                               |                  |
| Water Enterprise Fund     | Widow's Walk Golf Course..... | \$ <u>41,825</u> |

At June 30, 2017, the Town has governmental and business-type interfund receivables and payables totaling \$57,902 and \$41,825, respectively. The purpose of these balances is to cover short-term cash needs that will be funded by future bond and grant proceeds.

Interfund transfers

| Transfers Out:                                | Transfers In:       |                       |                     |
|---|---------------------|-----------------------|---------------------|
|   | General Fund        | Sewer Enterprise Fund | Total               |
| General Fund.....                             | \$ -                | \$ 660,771            | \$ 660,771 (1)      |
| Nonmajor Governmental Funds.....              | 645,070             | -                     | 645,070 (2)         |
| Water Enterprise Fund.....                    | 323,551             | -                     | 323,551 (3)         |
| Sewer Enterprise Fund.....                    | 206,553             | -                     | 206,553 (3)         |
| Transfer Station Enterprise Fund.....         | 153,616             | -                     | 153,616 (3)         |
| Widow's Walk Golf Course Enterprise Fund..... | 57,716              | -                     | 57,716 (3)          |
| Waterways Enterprise Fund.....                | 55,731              | -                     | 55,731 (3)          |
| Total.....                                    | \$ <u>1,442,237</u> | \$ <u>660,771</u>     | \$ <u>2,103,008</u> |

- (1) Represents budgeted transfers from the general fund to enterprise funds for debt subsidies.
- (2) Represents budgeted transfers into the general fund from nonmajor governmental funds, Title V and Town revolving funds.
- (3) Represents budgeted transfers from the enterprise funds to the general fund.

**NOTE 6 – LEASES**

The Town has entered into lease agreements to finance the acquisition of 14 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 qualify as capital leases for accounting purposes and 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:

|                                     | Governmental<br>Activities | Business-Type<br>Activities |
|-------------------------------------|----------------------------|-----------------------------|
| <u>Asset:</u>                       |                            |                             |
| Machinery and equipment.....        | \$ -                       | \$ 567,225                  |
| Vehicles.....                       | 1,247,996                  | -                           |
| Less: accumulated depreciation..... | (470,373)                  | (451,151)                   |
| Total.....                          | \$ <u>777,623</u>          | \$ <u>116,074</u>           |

Future minimum lease payments under capitalized leases consist of the following at June 30, 2017:

| Years<br>Ending June 30                      | Governmental<br>Activities | Business-Type<br>Activities |
|--|----------------------------|-----------------------------|
| 2018.....                                    | \$ 120,367                 | \$ 52,199                   |
| 2019.....                                    | 702,001                    | 46,923                      |
| 2020.....                                    | -                          | 30,995                      |
| 2021.....                                    | -                          | 14,678                      |
| 2022.....                                    | -                          | 6,662                       |
| Total minimum lease payments.....            | 822,368                    | 151,457                     |
| Less: amounts representing interest.....     | (33,164)                   | (11,192)                    |
| Present value of minimum lease payments..... | \$ <u>789,204</u>          | \$ <u>140,265</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, 2017, are as follows:

| Type                              | Purpose                     | Rate (%) | Due Date | Balance at June 30, 2016 | Renewed/ Issued     | Retired/ Redeemed     | Balance at June 30, 2017 |
|-----------------------------------|-----------------------------|----------|----------|--------------------------|---------------------|-----------------------|--------------------------|
| <i>Governmental Funds</i>         |                             |          |          |                          |                     |                       |                          |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/03/17 | \$ 2,800,000             | \$ -                | \$ (2,800,000)        | \$ -                     |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/02/18 | -                        | 5,288,000           | -                     | 5,288,000                |
| BAN                               | Bond Anticipation Note..... | 1.75     | 02/02/18 | -                        | 1,300,000           | -                     | 1,300,000                |
| Total Governmental.....           |                             |          |          | <u>\$ 2,800,000</u>      | <u>\$ 6,588,000</u> | <u>\$ (2,800,000)</u> | <u>\$ 6,588,000</u>      |
| <i>Water Enterprise Funds</i>     |                             |          |          |                          |                     |                       |                          |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/03/17 | \$ 2,100,000             | \$ -                | \$ (2,100,000)        | \$ -                     |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/02/18 | -                        | 5,510,000           | -                     | 5,510,000                |
| BAN                               | Bond Anticipation Note..... | 1.75     | 02/02/18 | -                        | 40,000              | -                     | 40,000                   |
| Subtotal Water.....               |                             |          |          | <u>2,100,000</u>         | <u>5,550,000</u>    | <u>(2,100,000)</u>    | <u>5,550,000</u>         |
| <i>Sewer Enterprise Funds</i>     |                             |          |          |                          |                     |                       |                          |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/03/17 | 625,000                  | -                   | (625,000)             | -                        |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/02/18 | -                        | 1,025,000           | -                     | 1,025,000                |
| Subtotal Sewer.....               |                             |          |          | <u>625,000</u>           | <u>1,025,000</u>    | <u>(625,000)</u>      | <u>1,025,000</u>         |
| <i>Waterways Enterprise Funds</i> |                             |          |          |                          |                     |                       |                          |
| BAN                               | Harbor Maintenance.....     | 2.00     | 02/03/17 | 195,000                  | -                   | (195,000)             | -                        |
| BAN                               | Bond Anticipation Note..... | 2.00     | 02/02/18 | -                        | 195,000             | -                     | 195,000                  |
| Subtotal Waterways.....           |                             |          |          | <u>195,000</u>           | <u>195,000</u>      | <u>(195,000)</u>      | <u>195,000</u>           |
| Total Enterprise.....             |                             |          |          | <u>\$ 2,920,000</u>      | <u>\$ 6,770,000</u> | <u>\$ (2,920,000)</u> | <u>\$ 6,770,000</u>      |

#### 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, 2017, 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, 2016 | Issued       | Redeemed       | Outstanding at June 30, 2017 |
|---|--------------------|----------------------|-------------------|------------------------------|--------------|----------------|------------------------------|
| MCWT 97-1031.....                               | 2019               | \$ 123,432           | 4.00 - 5.00       | \$ 20,567                    | \$ -         | \$ (6,856)     | \$ 13,711                    |
| General Obligation Bonds of 2008.....           | 2026               | 3,248,500            | 3.00 - 5.00       | 1,670,000                    | -            | (195,000)      | 1,475,000                    |
| General Obligation Bonds of 2011.....           | 2031               | 2,978,388            | 3.00 - 5.00       | 1,350,000                    | -            | (295,000)      | 1,055,000                    |
| General Obligation Bonds of 2012.....           | 2033               | 5,262,021            | 2.00 - 2.75       | 4,045,000                    | -            | (400,000)      | 3,645,000                    |
| General Obligation Refunding Bonds of 2015..... | 2025               | 4,205,000            | 4.00 - 5.00       | 4,205,000                    | -            | (470,000)      | 3,735,000                    |
| General Obligation Bonds of 2015.....           | 2040               | 68,258,000           | 2.00 - 5.00       | 65,330,000                   | -            | (2,920,000)    | 62,410,000                   |
| General Obligation Refunding Bonds of 2016..... | 2025               | 529,100              | 2.00 - 4.00       | 529,100                      | -            | (64,100)       | 465,000                      |
| General Obligation Bonds of 2017.....           | 2037               | 3,500,000            | 2.00              | -                            | 3,500,000    | (72,556)       | 3,427,444                    |
| Subtotal.....                                   |                    |                      |                   | 77,149,667                   | 3,500,000    | (4,423,512)    | 76,226,155                   |
| Unamortized Premiums on Bonds.....              |                    |                      |                   | 5,547,975                    | 34,648       | (535,056)      | 5,047,567                    |
| Total Governmental Bonds Payable.....           |                    |                      |                   | \$ 82,697,642                | \$ 3,534,648 | \$ (4,958,568) | \$ 81,273,722                |

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

| Year       | Principal     | Interest      | Total          |
|------------|---------------|---------------|----------------|
| 2018.....  | \$ 4,302,159  | \$ 3,100,257  | \$ 7,402,416   |
| 2019.....  | 4,160,079     | 2,920,070     | 7,080,149      |
| 2020.....  | 4,061,234     | 2,745,843     | 6,807,077      |
| 2021.....  | 4,034,243     | 2,558,805     | 6,593,048      |
| 2022.....  | 4,012,343     | 2,373,099     | 6,385,442      |
| 2023.....  | 4,005,505     | 2,189,324     | 6,194,829      |
| 2024.....  | 3,928,731     | 2,006,638     | 5,935,369      |
| 2025.....  | 3,857,023     | 1,827,647     | 5,684,670      |
| 2026.....  | 3,230,380     | 1,664,885     | 4,895,265      |
| 2027.....  | 3,078,805     | 1,519,727     | 4,598,532      |
| 2028.....  | 3,072,298     | 1,390,907     | 4,463,205      |
| 2029.....  | 3,075,861     | 1,275,145     | 4,351,006      |
| 2030.....  | 3,084,496     | 1,159,152     | 4,243,648      |
| 2031.....  | 3,078,205     | 1,042,772     | 4,120,977      |
| 2032.....  | 3,031,988     | 926,252       | 3,958,240      |
| 2033.....  | 3,015,847     | 814,005       | 3,829,852      |
| 2034.....  | 2,839,784     | 699,806       | 3,539,590      |
| 2035.....  | 2,843,800     | 590,190       | 3,433,990      |
| 2036.....  | 2,847,896     | 480,494       | 3,328,390      |
| 2037.....  | 2,745,478     | 370,684       | 3,116,162      |
| 2038.....  | 2,640,000     | 264,000       | 2,904,000      |
| 2039.....  | 2,640,000     | 158,400       | 2,798,400      |
| 2040.....  | 2,640,000     | 52,800        | 2,692,800      |
| Total..... | \$ 76,226,155 | \$ 32,130,902 | \$ 108,357,057 |



**Bonds and Notes Payable Schedule – Enterprise Funds**

| Project   | Maturities<br>Through | Original<br>Loan<br>Amount | Interest<br>Rate<br>(%) | Outstanding<br>at June 30,<br>2016 | Issued | Redeemed       | Outstanding<br>at June 30,<br>2017 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|--------|----------------|------------------------------------|
| <b>Water:</b>                                   |                       |                            |                         |                                    |        |                |                                    |
| General Obligation Bonds of 2008.....           | 2017                  | \$ 50,000                  | 3.00 - 5.00             | \$ 5,000                           | \$ -   | \$ (5,000)     | \$ -                               |
| General Obligation Bonds of 2011.....           | 2031                  | 4,122,000                  | 3.00 - 5.00             | 2,890,000                          | -      | (240,000)      | 2,650,000                          |
| General Obligation Bonds of 2012.....           | 2033                  | 842,493                    | 2.00 - 2.75             | 505,000                            | -      | (110,000)      | 395,000                            |
| General Obligation Bonds of 2015.....           | 2036                  | 14,400,000                 | 2.00 - 2.75             | 13,815,000                         | -      | (585,000)      | 13,230,000                         |
| General Obligation Refunding Bonds of 2016..... | 2025                  | 353,400                    | 2.00 - 4.00             | 353,400                            | -      | (38,400)       | 315,000                            |
| Subtotal water bonds payable.....               |                       |                            |                         | 17,568,400                         | -      | (978,400)      | 16,590,000                         |
| Unamortized premium on bonds.....               |                       |                            |                         | 1,168,681                          | -      | (105,449)      | 1,063,232                          |
| Total water bonds payable.....                  |                       |                            |                         | 18,737,081                         | -      | (1,083,849)    | 17,653,232                         |
| <b>Sewer:</b>                                   |                       |                            |                         |                                    |        |                |                                    |
| MCWT CW-02-22A.....                             | 2024                  | 1,288,256                  | 2.00                    | 661,982                            | -      | (77,072)       | 584,910                            |
| MCWT CW-04-38.....                              | 2026                  | 3,554,137                  | 2.00                    | 2,131,018                          | -      | (194,439)      | 1,936,579                          |
| MCWT CW-04-38-A.....                            | 2026                  | 929,694                    | 2.00                    | 582,665                            | -      | (53,164)       | 529,501                            |
| MCWT Pool 10.....                               | 2021                  | 11,253,992                 | 2.50 - 5.25             | 3,099,284                          | -      | (903,721)      | 2,195,563                          |
| MCWT CW-02-22.....                              | 2024                  | 4,557,209                  | 2.00                    | 2,505,600                          | -      | (274,859)      | 2,230,741                          |
| General Obligation Bonds of 2008.....           | 2024                  | 800,000                    | 3.00 - 5.00             | 400,000                            | -      | (50,000)       | 350,000                            |
| General Obligation Bonds of 2011.....           | 2031                  | 1,310,041                  | 3.00 - 5.00             | 940,000                            | -      | (70,000)       | 870,000                            |
| MCWT CWS-09-06.....                             | 2033                  | 348,667                    | 2.00                    | 305,429                            | -      | (15,044)       | 290,385                            |
| General Obligation Bonds of 2012.....           | 2033                  | 553,341                    | 2.00 - 2.75             | 420,000                            | -      | (40,000)       | 380,000                            |
| MCWT CW-10-25.....                              | 2033                  | 5,389,000                  | 2.00                    | 4,720,713                          | -      | (232,515)      | 4,488,198                          |
| General Obligation Refunding Bonds of 2016..... | 2025                  | 1,280,500                  | 2.00 - 4.00             | 1,280,500                          | -      | (145,500)      | 1,135,000                          |
| Total sewer bonds payable.....                  |                       |                            |                         | 17,047,191                         | -      | (2,056,314)    | 14,990,877                         |
| <b>Transfer Station:</b>                        |                       |                            |                         |                                    |        |                |                                    |
| General Obligation Bonds of 2011.....           | 2020                  | 150,000                    | 3.00 - 5.00             | 60,000                             | -      | (15,000)       | 45,000                             |
| <b>Widow's Walk Golf Course:</b>                |                       |                            |                         |                                    |        |                |                                    |
| General Obligation Bonds of 2004.....           | 2017                  | 3,755,000                  | 2.00 - 4.00             | 375,000                            | -      | (375,000)      | -                                  |
| <b>Waterways:</b>                               |                       |                            |                         |                                    |        |                |                                    |
| General Obligation Bonds of 2008.....           | 2023                  | 533,000                    | 3.00 - 5.00             | 180,000                            | -      | (35,000)       | 145,000                            |
| General Obligation Bonds of 2011.....           | 2025                  | 903,489                    | 3.00 - 5.00             | 550,000                            | -      | (70,000)       | 480,000                            |
| General Obligation Refunding Bonds of 2016..... | 2024                  | 1,642,000                  | 2.00 - 4.00             | 1,642,000                          | -      | (212,000)      | 1,430,000                          |
| Subtotal waterway's bonds payable.....          |                       |                            |                         | 2,372,000                          | -      | (317,000)      | 2,055,000                          |
| Unamortized premium on bonds.....               |                       |                            |                         | 158,903                            | -      | (35,077)       | 123,826                            |
| Total waterways bonds payable.....              |                       |                            |                         | 2,530,903                          | -      | (352,077)      | 2,178,826                          |
| Total Enterprise Bonds Payable.....             |                       |                            |                         | \$ 38,750,175                      | \$ -   | \$ (3,882,240) | \$ 34,867,935                      |

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$648,278 and interest costs for \$363,354. Thus, net sewer enterprise loan repayments, including interest, are scheduled to be \$3,876,096. The principal subsidies are guaranteed and therefore a \$648,278 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2017. 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 2017 principal and interest subsidies totaled \$231,934 and \$170,711, respectively.

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

## WATER ENTERPRISE FUND DEBT SERVICE PAYMENTS

| Year         | Principal         | Interest            | Total                |
|--------------|-------------------|---------------------|----------------------|
| 2018.....\$  | 955,000           | \$ 690,308          | \$ 1,645,308         |
| 2019.....    | 905,000           | 651,209             | 1,556,209            |
| 2020.....    | 890,000           | 612,759             | 1,502,759            |
| 2021.....    | 890,000           | 570,009             | 1,460,009            |
| 2022.....    | 860,000           | 527,259             | 1,387,259            |
| 2023.....    | 840,000           | 489,771             | 1,329,771            |
| 2024.....    | 820,000           | 452,396             | 1,272,396            |
| 2025.....    | 815,000           | 415,903             | 1,230,903            |
| 2026.....    | 760,000           | 379,403             | 1,139,403            |
| 2027.....    | 760,000           | 343,820             | 1,103,820            |
| 2028.....    | 755,000           | 311,131             | 1,066,131            |
| 2029.....    | 750,000           | 281,119             | 1,031,119            |
| 2030.....    | 750,000           | 251,294             | 1,001,294            |
| 2031.....    | 745,000           | 221,550             | 966,550              |
| 2032.....    | 585,000           | 191,900             | 776,900              |
| 2033.....    | 585,000           | 168,500             | 753,500              |
| 2034.....    | 575,000           | 145,500             | 720,500              |
| 2035.....    | 575,000           | 122,500             | 697,500              |
| 2036.....    | 555,000           | 99,900              | 654,900              |
| 2037.....    | 555,000           | 77,700              | 632,700              |
| 2038.....    | 555,000           | 55,500              | 610,500              |
| 2039.....    | 555,000           | 33,300              | 588,300              |
| 2040.....    | 555,000           | 11,100              | 566,100              |
| Total.....\$ | <u>16,590,000</u> | <u>\$ 7,103,831</u> | <u>\$ 23,693,831</u> |

## SEWER ENTERPRISE FUND DEBT SERVICE PAYMENTS

| Year       | Principal     | Interest     | Total         |
|------------|---------------|--------------|---------------|
| 2018.....  | \$ 2,092,633  | \$ 412,101   | \$ 2,504,734  |
| 2019.....  | 2,138,318     | 343,907      | 2,482,225     |
| 2020.....  | 1,369,601     | 279,694      | 1,649,295     |
| 2021.....  | 1,362,850     | 233,012      | 1,595,862     |
| 2022.....  | 1,250,105     | 189,857      | 1,439,962     |
| 2023.....  | 1,275,295     | 149,578      | 1,424,873     |
| 2024.....  | 1,286,780     | 108,796      | 1,395,576     |
| 2025.....  | 804,587       | 88,952       | 893,539       |
| 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..... | \$ 14,990,877 | \$ 2,108,981 | \$ 17,099,858 |

## TRANSFER STATION ENTERPRISE FUND DEBT SERVICE PAYMENTS

| Year       | Principal | Interest | Total     |
|------------|-----------|----------|-----------|
| 2018.....  | \$ 15,000 | \$ 1,950 | \$ 16,950 |
| 2019.....  | 15,000    | 1,350    | 16,350    |
| 2020.....  | 15,000    | 750      | 15,750    |
| Total..... | \$ 45,000 | \$ 4,050 | \$ 49,050 |

## WATERWAYS ENTERPRISE FUND DEBT SERVICE PAYMENTS

| Year       | Principal    | Interest   | Total        |
|------------|--------------|------------|--------------|
| 2018.....  | \$ 300,000   | \$ 78,064  | \$ 378,064   |
| 2019.....  | 300,000      | 66,064     | 366,064      |
| 2020.....  | 295,000      | 54,064     | 349,064      |
| 2021.....  | 295,000      | 41,614     | 336,614      |
| 2022.....  | 295,000      | 29,139     | 324,139      |
| 2023.....  | 290,000      | 17,883     | 307,883      |
| 2024.....  | 240,000      | 6,750      | 246,750      |
| 2025.....  | 40,000       | 1,400      | 41,400       |
| Total..... | \$ 2,055,000 | \$ 294,978 | \$ 2,349,978 |

At June 30, 2017, the Town had the following authorized and unissued debt:

| Purpose   | Amount               |
|---|----------------------|
| Marine park recreational facility.....            | \$ 280,000           |
| Energy savings contract.....                      | 3,200,000            |
| Facilities design engineering services.....       | 150,000              |
| School improvements.....                          | 8,194,723            |
| Library renovations.....                          | 3,011,616            |
| Software.....                                     | 200,000              |
| Foreshore protection.....                         | 500,000              |
| Water.....  | 7,682,000            |
| Sewer.....  | 400,000              |
| Dredging.....                                     | 395,000              |
| Oceanside Drive seawall replacement.....          | 2,000,000            |
| Public safety complex design and construction.... | 1,313,000            |
| Pump station replacement.....                     | 625,000              |
| SCADA upgrade.....                                | 288,000              |
| Repair Maple Street standpipe.....                | 710,000              |
| Culvert improvements.....                         | 400,000              |
| Cedar Point infiltration/inflow.....              | 2,500,000            |
| <b>Total.....</b>                                 | <b>\$ 31,849,339</b> |

### Changes in Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

|  | Balance<br>June 30,<br>2016 | Bonds and<br>Notes<br>Issued | Bonds and<br>Notes<br>Redeemed | Other<br>Increases | Other<br>Decreases | Balance<br>June 30,<br>2017 | Current<br>Portion |
|--|-----------------------------|------------------------------|--------------------------------|--------------------|--------------------|-----------------------------|--------------------|
| <b>Governmental Activities:</b>                            |                             |                              |                                |                    |                    |                             |                    |
| Long-term bonds payable.....                               | \$ 77,149,667               | \$ 3,500,000                 | \$ (4,423,512)                 | \$ -               | \$ -               | \$ 76,226,155               | \$ 4,302,159       |
| Add: Unamortized premium on bonds.....                     | 5,547,975                   | 34,648                       | (535,056)                      | -                  | -                  | 5,047,567                   | 474,945            |
| Total bonds payable.....                                   | 82,697,642                  | 3,534,648                    | (4,958,568)                    | -                  | -                  | 81,273,722                  | 4,777,104          |
| Compensated absences.....                                  | 1,540,355                   | -                            | -                              | 1,233,951          | (1,047,000)        | 1,727,306                   | 1,185,200          |
| Capital lease obligations.....                             | 1,036,495                   | -                            | -                              | 100,376            | (347,667)          | 789,204                     | 102,632            |
| Net pension liability.....                                 | 36,214,439                  | -                            | -                              | 4,340,339          | (3,862,424)        | 36,692,354                  | -                  |
| Other postemployment benefits.....                         | 26,764,336                  | -                            | -                              | 5,849,132          | (2,279,257)        | 30,334,211                  | -                  |
| Total governmental activity<br>long-term liabilities.....  | \$ 148,253,267              | \$ 3,534,648                 | \$ (4,958,568)                 | \$ 11,523,798      | \$ (7,536,348)     | \$ 150,816,797              | \$ 6,064,936       |
| <b>Business-Type Activities:</b>                           |                             |                              |                                |                    |                    |                             |                    |
| Long-term bonds payable.....                               | \$ 37,422,591               | \$ -                         | \$ (3,741,714)                 | \$ -               | \$ -               | \$ 33,680,877               | \$ 3,362,633       |
| Add: Unamortized premium on bonds.....                     | 1,327,584                   | -                            | (140,526)                      | -                  | -                  | 1,187,058                   | 133,218            |
| Total bonds payable.....                                   | 38,750,175                  | -                            | (3,882,240)                    | -                  | -                  | 34,867,935                  | 3,495,851          |
| Compensated absences.....                                  | 134,181                     | -                            | -                              | 71,372             | (82,800)           | 122,753                     | 76,500             |
| Capital lease obligations.....                             | 156,270                     | -                            | -                              | 39,091             | (55,096)           | 140,265                     | 46,272             |
| Landfill closure.....                                      | 982,000                     | -                            | -                              | -                  | (51,000)           | 931,000                     | 72,000             |
| Net pension liability.....                                 | 4,946,379                   | -                            | -                              | 421,429            | (511,227)          | 4,856,581                   | -                  |
| Other postemployment benefits.....                         | 962,565                     | -                            | -                              | 185,154            | (83,784)           | 1,063,935                   | -                  |
| Total business-type activity<br>long-term liabilities..... | \$ 45,931,570               | \$ -                         | \$ (3,882,240)                 | \$ 717,046         | \$ (783,907)       | \$ 41,982,469               | \$ 3,690,623       |

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, 2017, the governmental fund balances consisted of the following:

|                                    | General              | Community<br>Preservation | Affordable<br>Housing | Town<br>Capital<br>Projects | Middle<br>School<br>Construction | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|----------------------|---------------------------|-----------------------|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>FUND BALANCES</b>               |                      |                           |                       |                             |                                  |                                   |                                |
| Nonspendable:                      |                      |                           |                       |                             |                                  |                                   |                                |
| Permanent fund principal.....      | \$ -                 | \$ -                      | \$ -                  | \$ -                        | \$ -                             | 27,051                            | \$ 27,051                      |
| Restricted for:                    |                      |                           |                       |                             |                                  |                                   |                                |
| Community preservation.....        | -                    | 8,889,765                 | -                     | -                           | -                                | -                                 | 8,889,765                      |
| Affordable housing.....            | -                    | -                         | 751,614               | -                           | -                                | -                                 | 751,614                        |
| Middle school construction.....    | -                    | -                         | -                     | -                           | 7,885,989                        | -                                 | 7,885,989                      |
| School gifts and grants.....       | -                    | -                         | -                     | -                           | -                                | 776,533                           | 776,533                        |
| School revolving funds.....        | -                    | -                         | -                     | -                           | -                                | 445,055                           | 445,055                        |
| Town gifts and grants.....         | -                    | -                         | -                     | -                           | -                                | 3,936,410                         | 3,936,410                      |
| Town revolving funds.....          | -                    | -                         | -                     | -                           | -                                | 4,455,020                         | 4,455,020                      |
| Title V program.....               | -                    | -                         | -                     | -                           | -                                | 21,500                            | 21,500                         |
| School lunch.....                  | -                    | -                         | -                     | -                           | -                                | 14,191                            | 14,191                         |
| Permanent trust funds.....         | -                    | -                         | -                     | -                           | -                                | 508,459                           | 508,459                        |
| Workers compensation.....          | 501,782              | -                         | -                     | -                           | -                                | -                                 | 501,782                        |
| Committed for special articles to: |                      |                           |                       |                             |                                  |                                   |                                |
| General government.....            | 121,937              | -                         | -                     | -                           | -                                | -                                 | 121,937                        |
| Public safety.....                 | 311,829              | -                         | -                     | -                           | -                                | -                                 | 311,829                        |
| Education.....                     | 605,639              | -                         | -                     | -                           | -                                | -                                 | 605,639                        |
| Public works.....                  | 1,768,076            | -                         | -                     | -                           | -                                | -                                 | 1,768,076                      |
| Culture and recreation.....        | 447,300              | -                         | -                     | -                           | -                                | -                                 | 447,300                        |
| Debt service.....                  | 647                  | -                         | -                     | -                           | -                                | -                                 | 647                            |
| Assigned to:                       |                      |                           |                       |                             |                                  |                                   |                                |
| Carryover encumbrances:            |                      |                           |                       |                             |                                  |                                   |                                |
| General government.....            | 422,437              | -                         | -                     | -                           | -                                | -                                 | 422,437                        |
| Public safety.....                 | 12,698               | -                         | -                     | -                           | -                                | -                                 | 12,698                         |
| Education.....                     | 154,423              | -                         | -                     | -                           | -                                | -                                 | 154,423                        |
| Public works.....                  | 566,938              | -                         | -                     | -                           | -                                | -                                 | 566,938                        |
| Human services.....                | 4,321                | -                         | -                     | -                           | -                                | -                                 | 4,321                          |
| Culture and recreation.....        | 13,112               | -                         | -                     | -                           | -                                | -                                 | 13,112                         |
| Unemployment insurance.....        | 929                  | -                         | -                     | -                           | -                                | -                                 | 929                            |
| Contributory group insurance.....  | 179,183              | -                         | -                     | -                           | -                                | -                                 | 179,183                        |
| Debt service principal.....        | 6,480                | -                         | -                     | -                           | -                                | -                                 | 6,480                          |
| Unassigned.....                    | 8,495,600            | -                         | -                     | (3,237,837)                 | -                                | (1,512,109)                       | 3,745,654                      |
| <b>TOTAL FUND BALANCES.....</b>    | <b>\$ 13,613,331</b> | <b>\$ 8,889,765</b>       | <b>\$ 751,614</b>     | <b>\$ (3,237,837)</b>       | <b>\$ 7,885,989</b>              | <b>\$ 8,672,110</b>               | <b>\$ 36,574,972</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, a capital stabilization fund, and an economic development stabilization fund.

At year end, the balance of the general stabilization fund, capital stabilization fund and economic development stabilization fund totaled approximately \$3.6 million, \$738,000, and \$34,000, respectively. These funds are 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 Descriptions*

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 54 member units. The PCCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

### *Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$8,666,759 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$84,962,764 as of the measurement date.

### *Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable

service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Board and are borne by the System.

There were no changes of benefit terms that affected the total pension liability at December 31, 2016.

#### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2016 and totaled \$4,373,651, 25.10% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

#### *Pension Liabilities*

At June 30, 2017, the Town reported a liability of \$41,548,935 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 6.559%, which increased from its proportion of 6.490% measured at December 31, 2015.

#### *Pension Expense*

For the year ended June 30, 2017, the Town recognized a net pension expense of \$5,307,552. At June 30, 2017, Town reported deferred outflows of resources related to pensions of \$5,447,282, and deferred inflows of resources related to pensions of \$1,319,717.



The balances of deferred outflows/(inflows) or resources related to pension at June 30, 2017 consist of the following:

| Deferred category   | Deferred Outflows of Resources | Deferred Inflows of Resources | Total        |
|---|--------------------------------|-------------------------------|--------------|
| Differences between expected and actual experience.....             | \$ 1,088,307                   | \$ -                          | \$ 1,088,307 |
| Difference between projected and actual earnings.....               | 4,027,453                      | -                             | 4,027,453    |
| Changes of assumptions.....   | -                              | (1,188,989)                   | (1,188,989)  |
| Changes in proportion and proportionate share of contributions..... | 331,522                        | (130,728)                     | 200,794      |
| Total Deferred Outflows/(Inflows) of Resources.....                 | \$ 5,447,282                   | \$ (1,319,717)                | \$ 4,127,565 |

The Town's net deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|            |              |
|------------|--------------|
| 2018.....  | \$ 1,476,127 |
| 2019.....  | 1,476,127    |
| 2020.....  | 1,032,360    |
| 2021.....  | 142,951      |
| Total..... | \$ 4,127,565 |

#### Actuarial Assumptions

The total pension liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions:

|   |   |
|---|---|
| Valuation date.....                         | January 1, 2017   |
| Actuarial cost method.....                  | Individual Entry Age Normal Cost Method.  |
| Amortization method.....                    | Payments increase at 3.5% for the unfunded actuarial accrued liability, and level amortization of the 2002, 2003, and 2013 Early Retirement Incentives (ERI).                           |
| Remaining amortization period.....          | Amortization of the unfunded actuarial accrued liability over 12 years, the 2002 ERI over two years, 2003 ERI over three years, and the 2013 ERI over 11 years; all as of July 1, 2017. |
| Asset valuation method.....                 | Market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.   |
| Investment rate of return/Discount rate.... | 8% nominal rate, net of investment expense.   |
| Projected salary increases.....             | 3.75% per year.   |
| Cost of living adjustments.....             | 3.0% of the first \$14,000 of retirement income.  |

|                          |  |
|--------------------------|--|
| Rates of retirement..... | Varies based upon age for general employees, police and fire employees.  |
| Rates of disability..... | For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).  |
| Mortality rates.....     | It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016. |
| Family composition.....  | Assumption that 80% of members will be survived by a spouse, females are three years younger than males and males are three years older than females.  |

#### *Investment Policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The investment objective is to fully fund the Plan by generating sufficient long-term inflation adjusted capital appreciation while providing sufficient liquidity to meet short-term withdrawal requirements. The Board desires to balance the goal of higher long-term returns with the goal of minimizing contribution volatility, recognizing these are often competing goals. This requires taking both assets and liabilities into account when setting investment strategy.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2017, are summarized in the table on the following page.

| Asset Class                   | Long-Term Expected<br>Real Rate of Return | Long-Term Expected<br>Asset Allocation |
|-------------------------------|---|--|
| U.S. equity.....              | 7.50%                                     | 26.50%                                 |
| Developed markets equity..... | 7.30%                                     | 16.00%                                 |
| Emerging markets equity.....  | 9.80%                                     | 4.00%                                  |
| Core bonds.....               | 4.20%                                     | 11.50%                                 |
| Foreign bonds.....            | 2.40%                                     | 3.00%                                  |
| Emerging markets bonds.....   | 5.50%                                     | 4.00%                                  |
| High yield bonds.....         | 6.00%                                     | 4.00%                                  |
| Bank loans.....               | 5.50%                                     | 3.00%                                  |
| Private equity.....           | 9.60%                                     | 10.00%                                 |
| Real estate.....              | 6.90%                                     | 10.00%                                 |
| Natural resources.....        | 7.00%                                     | 1.00%                                  |
| Infrastructure.....           | 7.80%                                     | 2.00%                                  |
| Hedge fund of funds.....      | 5.30%                                     | 4.00%                                  |
| Cash.....                     | 2.80%                                     | 1.00%                                  |
|                               |   | <u>100.00%</u>                         |

### Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* – The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

|  | 1% Decrease<br>(7.00%) | Current<br>Discount<br>(8.00%) | 1% Increase<br>(9.00%) |
|--|------------------------|--------------------------------|------------------------|
| The Town's proportionate share of the<br>net pension liability..... \$ | 52,150,216             | \$ 41,548,935                  | \$ 32,827,063          |

### Changes in Assumptions and Plan Provisions

The following changes in assumptions were included in the January 1, 2017, actuarial valuation:

- Cost of living increases were 3.0% of the first \$14,000 of retirement income, as compared to \$13,000 in

the prior year.

- The annual rate of both pre-retirement and beneficiary mortality was changed to the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational table.
- The mortality for retired group 1 and 2 members was changed to the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retired members were changed to the RP-2014 Blue Collar Mortality table set forward three years for males, and six years for females, fully generational.
- The assumed family composition was changed to assume that 80% of all male members and 60% of all female members will be survived by a spouse, as compared to the prior valuation assumption that 80% of all members will be survived by a spouse.
- The amortization method changed from the level percent open group method to a method where payments increase at 3.5% for the unfunded actuarial accrued liability and level amortization for the 2002, 2003 and 2013 ERI.
- The amortization period changed from 17 years to amortization of the unfunded liability over 12 years, the 2002 ERI over 2 years, the 2003 ERI over 3 years, and the 2013 ERI over 11 years.
- The assumed annual increase in administrative expenses was changed to 3.75%, from 4.00%.

There were no changes in plan provisions noted in January 1, 2017 actuarial valuation.

#### **NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32B of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

*Funding Policy* – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for healthcare and life insurance for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs for healthcare and life insurance. For 2017, the Town's age-adjusted contribution to the Plan totaled \$2.4 million. For the year ended June 30, 2017, the Town's average contribution rate was 5.18% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. The Town has named the Board of Trustees to consist of five members including the Town Administrator, the Finance Director, Advisory Committee Chair who serves as ex officio, a member appointed by the Board of Selectmen, and a member who must be a registered voter is appointed by the Town Administrator with consent by the Board of Selectmen. The Town Treasurer serves as a non-voting member of the Board of Trustees. The Town has adopted a trust agreement detailing the duties and responsibilities of the Trustees which includes taking actions as necessary and appropriate to manage the assets of the trust fund.

During 2017, the Town pre-funded future OPEB liabilities totaling approximately \$137,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2017, the balance of this fund totaled \$820,135. The Town has adopted a policy of pre-funding future OPEB liabilities which includes allocating 2% of

the annual retirement assessment to the OPEB fund through the annual operating budget. This policy is adopted by and may be amended at any time by the Town's Board of Selectmen.

The annual money-weighted rate of return on OPEB plan investments was 0.89%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan's membership at July 1, 2016:

|                     |                     |
|---------------------|---------------------|
| Active members..... | 693                 |
| Retirees.....       | <u>562</u>          |
| Total.....          | <u><u>1,255</u></u> |

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of June 30, 2017:

|  |                             |
|--|-----------------------------|
| Total OPEB liability.....  | \$ 84,350,110               |
| Less: OPEB plan's fiduciary net position.....  | <u>(820,135)</u>            |
| Net OPEB liability.....  | <u><u>\$ 83,529,975</u></u> |
| The OPEB plan's fiduciary net position<br>as a percentage of the total OPEB liability..... | 0.97%                       |

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date that was updated to June 30, 2017 to be in accordance with GASB #74:

|                                 |   |
|---------------------------------|---|
| Valuation date.....             | July 1, 2016  |
| Actuarial cost method.....      | Entry Age Normal as a Percentage of Payroll   |
| Asset valuation method.....     | Market Value of Assets as of the Reporting Date, July 1, 2017.  |
| Inflation.....                  | 2.75% as of June 30, 2016 and for future periods.   |
| Salary increases.....           | 3.00% annually as of June 30, 2016 and for future periods.  |
| Healthcare cost trend rate..... | 8.0% decreasing 0.5% for periods starting in 2019. Ultimate trend of 5.0% starting July 1, 2026.  |
| Mortality.....                  | RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre & post retirement projected with mortality improvements using Projection Scale AA for 2.5 years, (i.e., from date of table to the valuation date), plus seven (7) years generational improvement. |

*Investment Policy*

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The Town's OPEB investments were invested using the Town's investment policy.

The Town invests their OPEB trust funds in the MMDT cash portfolio account which is a cash pool and is not invested to achieve a specific real rate of return. The MMDT cash portfolio is made up of commercial paper and notes, variable rate instruments, bank instruments, and repurchase agreements. MMDT invests no more than 5% of their securities in any single issuer except in U.S. government securities, its agencies, or repurchase agreements fully collateralized by such obligations or money market mutual funds.

The Town's net other postemployment benefits liability was determined based on an average of the Bond Buyer 20-year General Obligation Bond, the Standard & Poor's Municipal Bond 20-year High Grade Rate Index, and the Fidelity GA AA 20-year Bond as of June 30, 2017 blended with the portion of the liability funded in the OPEB trust which resulted in a selected discount rate of 3.50%. The blending is based on the sufficiency of projected assets to make projected benefit payments.

*Sensitivity of the net other postemployment liability to changes in the discount rate* – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

|                         | 1% Decrease<br>(2.50%) | Current<br>Discount Rate<br>(3.50%) | 1% Increase<br>(4.50%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability..... | \$ 105,311,658         | \$ 83,529,975                       | \$ 68,063,866          |

*Sensitivity of the net other postemployment liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 8.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%).

|                         | 1% Decrease<br>(7.00%) | Current Trend<br>(8.00%) | 1% Increase<br>(9.00%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Net OPEB liability..... | \$ 68,091,907          | \$ 83,529,975            | \$ 105,944,596         |

*Changes in Assumptions and Plan Provisions*

The following assumption changes were reflected in the July 1, 2016 actuarial valuation:

- The discount rate was decreased from 4.0% to 3.5%.

There were no changes to plan provisions in the July 1, 2016 actuarial valuation.

*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 (ARC).....         | \$ 4,760,329         |
| Interest on net OPEB Obligation.....            | 1,084,258            |
| Adjustment to the ARC.....                      | <u>327,172</u>       |
| Annual OPEB cost (expense).....                 | 6,171,759            |
| Contributions made.....                         | <u>(2,500,514)</u>   |
| Increase/(Decrease) in net OPEB obligation..... | 3,671,245            |
| Net OPEB obligation - beginning of year.....    | <u>27,726,901</u>    |
| Net OPEB obligation - end of year.....          | <u>\$ 31,398,146</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 |
|------------|------------------|--|---------------------|
| 6/30/2017  | \$ 6,171,759     | 41%  | \$ 31,398,146       |
| 6/30/2016  | 4,580,701        | 47%  | 24,840,789          |
| 6/30/2014  | 6,403,927        | 30%  | 22,427,219          |

**Funded Status and Funding Progress** – As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$81.9 million. The actuarial value of assets for the plan was \$676,000. The remaining \$81.3 million was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$45.7 million, and the ratio of the UAAL to the covered payroll was 178.0%.

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.

In the July 1, 2016, actuarial valuation, actuarial liabilities were determined using the entry age normal method as a percentage of payroll. The actuarial assumptions included a 3.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend of 8.0% in 2018 grading down 0.5% per year until reaching the ultimate rate of 5% in 2026. The UAAL is being amortized over a 30 year open period assuming a 3% aggregate annual payroll growth. The remaining amortization period at July 1, 2016, is 30 years.

#### **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 \$152,000 per year for post-closure care costs and has recorded a liability of \$931,000 in the business-type activities as a result of this activity. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

#### **NOTE 14 – COMMITMENTS**

The Town has various commitments related to the construction projects which will be financed through long-term borrowing. These projects include \$8.2 million for school improvements, \$3.2 million for energy savings projects, \$3 million for library renovations, \$7.7 million for water pipe improvement and replacement projects, and \$2 million in seawall replacement and repairs.

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 2017 were \$284,934.

#### **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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.



**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 12, 2017, which is the date the financial statements were available to be issued.

**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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.

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

YEAR ENDED JUNE 30, 2017

|   | Budgeted Amounts                              |                                   |                    |                 |                                |  |                             |
|---|---|-----------------------------------|--------------------|-----------------|--------------------------------|--|-----------------------------|
|   | Amounts<br>Carried forward<br>From Prior Year | Current Year<br>Initial<br>Budget | Original<br>Budget | Final<br>Budget | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance To<br>Final Budget |
| <b>REVENUES:</b>  |   |                                   |                    |                 |                                |  |                             |
| Real estate and personal property taxes,<br>net of tax refunds..... | \$ -  | \$ 59,986,439                     | \$ 59,986,439      | \$ 59,986,439   | \$ 59,746,413                  | \$ -                                       | \$ (240,026)                |
| Tax liens.....  | -   | -                                 | -                  | -               | 478,175                        | -  | 478,175                     |
| Motor vehicle and other excise taxes.....                           | -   | 3,098,368                         | 3,098,368          | 3,098,368       | 3,350,152                      | -  | 251,784                     |
| Penalties and interest on taxes.....                                | -   | 370,000                           | 370,000            | 370,000         | 478,705                        | -  | 108,705                     |
| Fees and rentals.....   | -   | 341,374                           | 341,374            | 341,374         | 526,908                        | -  | 185,534                     |
| Licenses and permits.....   | -   | 219,226                           | 219,226            | 219,226         | 659,832                        | -  | 440,606                     |
| Fines and forfeitures.....  | -   | 30,900                            | 30,900             | 30,900          | 99,438                         | -  | 68,538                      |
| Intergovernmental.....  | -   | 7,560,302                         | 7,560,302          | 7,560,302       | 7,881,580                      | -  | 321,278                     |
| Departmental and other.....   | -   | 1,410,500                         | 1,410,500          | 1,410,500       | 1,103,674                      | -  | (306,826)                   |
| Investment income.....  | -   | 50,000                            | 50,000             | 50,000          | 429,736                        | -  | 379,736                     |
| TOTAL REVENUES.....   | -   | 73,067,109                        | 73,067,109         | 73,067,109      | 74,754,613                     | -  | 1,687,504                   |
| <b>EXPENDITURES:</b>  |   |                                   |                    |                 |                                |  |                             |
| Current:  |   |                                   |                    |                 |                                |  |                             |
| General Government  |   |                                   |                    |                 |                                |  |                             |
| Town Administrator  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | 23,328  | 310,721                           | 334,049            | 334,049         | 306,603                        | 15,744                                     | 11,702                      |
| Purchase of services.....   | 800   | 78,500                            | 79,300             | 78,500          | 62,581                         | 13,684                                     | 2,235                       |
| Town Counsel.....   | 4,449   | 110,000                           | 114,449            | 166,279         | 88,821                         | 28,228                                     | 49,230                      |
| Labor Counsel.....  | 138,541                                       | 139,281                           | 277,822            | 277,822         | 128,337                        | 74,923                                     | 74,562                      |
| Materials and supplies.....   | -   | 1,700                             | 1,700              | 1,700           | 1,700                          | -  | -                           |
| Salary adjustments.....   | 10,000  | 10,000                            | 20,000             | 20,000          | -                              | 20,000                                     | -                           |
| Article - Collective bargaining.....                                | 120,851                                       | -                                 | 120,851            | 120,851         | -                              | 120,851                                    | -                           |
| Article - Contractual obligations.....                              | 25,000  | -                                 | 25,000             | 25,000          | -                              | 25,000                                     | -                           |
| Article - Land Acquisition - Edward Foster Road.....                | -   | -                                 | -                  | 7,500           | 7,500                          | -  | -                           |
| Total.....  | 322,969                                       | 650,202                           | 973,171            | 1,031,701       | 595,542                        | 298,430                                    | 137,729                     |
| Advisory Committee  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 1,964                             | 1,964              | 1,964           | 831                            | -  | 1,133                       |
| Purchase of services.....   | -   | 250                               | 250                | 250             | 236                            | -  | 14                          |
| Materials and supplies.....   | -   | 5,700                             | 5,700              | 5,700           | 2,480                          | -  | 3,220                       |
| Total.....  | -   | 7,914                             | 7,914              | 7,914           | 3,547                          | -  | 4,367                       |
| Reserve Fund.....   | -   | 90,000                            | 90,000             | 34,209          | -                              | -  | 34,209                      |
| Town Accountant   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 291,183                           | 291,183            | 291,183         | 291,183                        | -  | -                           |
| Purchase of services.....   | 3,300   | 52,000                            | 55,300             | 55,300          | 50,569                         | 9  | 4,722                       |
| Materials and supplies.....   | -   | 900                               | 900                | 900             | 895                            | -  | 5                           |
| Article - Integrated financial system.....                          | 148,639                                       | -                                 | 148,639            | 148,639         | 58,103                         | 90,536                                     | -                           |
| Total.....  | 151,939                                       | 344,083                           | 496,022            | 496,022         | 400,750                        | 90,545                                     | 4,727                       |
| Assessors   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 197,803                           | 197,803            | 197,803         | 193,188                        | -  | 4,615                       |
| Purchase of services.....   | 70  | 6,055                             | 6,125              | 6,125           | 4,976                          | 100  | 1,049                       |
| Materials and supplies.....   | -   | 500                               | 500                | 500             | 364                            | -  | 136                         |
| Total.....  | 70  | 204,358                           | 204,428            | 204,428         | 198,528                        | 100  | 5,800                       |
| Treasurer/Collector   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 269,303                           | 269,303            | 269,303         | 256,925                        | -  | 12,378                      |
| Purchase of services.....   | 1,200   | 88,950                            | 90,150             | 90,150          | 79,616                         | -  | 10,534                      |
| Materials and supplies.....   | -   | 1,500                             | 1,500              | 1,500           | 1,194                          | -  | 306                         |
| Total.....  | 1,200   | 359,753                           | 360,953            | 360,953         | 337,735                        | -  | 23,218                      |
| Administration  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 35,513                            | 35,513             | 35,513          | 27,967                         | -  | 7,546                       |
| Purchase of services.....   | 14,059  | 76,000                            | 90,059             | 90,059          | 75,673                         | -  | 14,386                      |
| Materials and supplies.....   | 175   | 4,200                             | 4,375              | 4,375           | 4,288                          | -  | 87                          |
| Total.....  | 14,234  | 115,713                           | 129,947            | 129,947         | 107,928                        | -  | 22,019                      |
| Information Technology  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....  | -   | 150,704                           | 150,704            | 150,704         | 146,055                        | -  | 4,649                       |
| Purchase of services.....   | 17,087  | 165,929                           | 183,016            | 207,516         | 197,042                        | 10,041                                     | 433                         |
| Materials and supplies.....   | -   | 400                               | 400                | 400             | 5                              | 395  | -                           |
| Capital outlay.....   | -   | 36,000                            | 36,000             | 36,000          | 35,926                         | -  | 74                          |
| Article - Replace depreciated IT hardware.....                      | 41,100  | 100,000                           | 141,100            | 141,100         | 141,100                        | -  | -                           |
| Total.....  | 58,187  | 453,033                           | 511,220            | 535,720         | 520,128                        | 10,436                                     | 5,156                       |

(Continued)

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

YEAR ENDED JUNE 30, 2017

|   | Budgeted Amounts                              |                                   |                    |                 | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance To<br>Final Budget |
|---|---|-----------------------------------|--------------------|-----------------|--------------------------------|--|-----------------------------|
|   | Amounts<br>Carried forward<br>From Prior Year | Current Year<br>Initial<br>Budget | Original<br>Budget | Final<br>Budget |                                |  |                             |
| Tax foreclosures.....                           | -   | 39,000                            | 39,000             | 39,000          | 30,189                         | -  | 8,811                       |
| Cable TV  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 88,804                            | 88,804             | 66,728          | 66,728                         | -  | -                           |
| Purchase of services.....                       | -   | 4,500                             | 4,500              | 3,455           | 3,455                          | -  | -                           |
| Materials and supplies.....                     | -   | 3,150                             | 3,150              | 2,973           | 2,973                          | -  | -                           |
| Capital outlay.....                             | -   | 31,400                            | 31,400             | 164,820         | 36,042                         | 128,778                                    | -                           |
| Total.....                                      | -   | 127,854                           | 127,854            | 237,976         | 109,198                        | 128,778                                    | -                           |
| Town Clerk                                      |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 169,659                           | 169,659            | 169,659         | 158,861                        | -  | 10,798                      |
| Purchase of services.....                       | -   | 34,460                            | 34,460             | 34,460          | 23,549                         | -  | 10,911                      |
| Materials and supplies.....                     | -   | 3,975                             | 3,975              | 3,975           | 3,167                          | -  | 808                         |
| Article - Voting machines.....                  | 6,401   | -                                 | 6,401              | 6,401           | -                              | 6,401                                      | -                           |
| Total.....                                      | 6,401   | 208,094                           | 214,495            | 214,495         | 185,577                        | 6,401                                      | 22,517                      |
| Conservation                                    |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 162,068                           | 162,068            | 162,068         | 146,078                        | -  | 15,990                      |
| Purchase of services.....                       | -   | 8,750                             | 8,750              | 8,750           | 1,337                          | -  | 7,413                       |
| Materials and supplies.....                     | -   | 1,300                             | 1,300              | 1,300           | 563                            | -  | 737                         |
| Total.....                                      | -   | 172,118                           | 172,118            | 172,118         | 147,978                        | -  | 24,140                      |
| Planning Board                                  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 129,342                           | 129,342            | 129,342         | 129,342                        | -  | -                           |
| Purchase of services.....                       | -   | 10,445                            | 10,445             | 10,445          | 1,621                          | -  | 8,824                       |
| Materials and supplies.....                     | -   | 700                               | 700                | 700             | 654                            | -  | 46                          |
| Total.....                                      | -   | 140,487                           | 140,487            | 140,487         | 131,617                        | -  | 8,870                       |
| Zoning Board of Appeals                         |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 21,262                            | 21,262             | 21,262          | 20,757                         | -  | 505                         |
| Purchase of services.....                       | -   | 700                               | 700                | 700             | -                              | -  | 700                         |
| Materials and supplies.....                     | -   | 400                               | 400                | 400             | -                              | 384  | 16                          |
| Total.....                                      | -   | 22,362                            | 22,362             | 22,362          | 20,757                         | 384  | 1,221                       |
| Board of Selectmen/Economic Development         |   |                                   |                    |                 |                                |  |                             |
| Purchase of services.....                       | 18,625  | 83,500                            | 102,125            | 102,125         | 52,107                         | 1,800                                      | 48,218                      |
| Property/Liability Insurance.....               | 2,350   | 538,450                           | 540,800            | 554,800         | 544,216                        | 7,500                                      | 3,084                       |
| Total General Government.....                   | 575,975                                       | 3,556,921                         | 4,132,896          | 4,284,257       | 3,385,797                      | 544,374                                    | 354,086                     |
| Public Safety                                   |   |                                   |                    |                 |                                |  |                             |
| Police  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | 33,300  | 3,494,659                         | 3,527,959          | 3,494,659       | 3,410,434                      | 4,150                                      | 80,075                      |
| Purchase of services.....                       | -   | 109,160                           | 109,160            | 142,459         | 137,560                        | 600  | 4,299                       |
| Materials and supplies.....                     | 5,562   | 73,864                            | 79,426             | 79,427          | 76,066                         | 1,123                                      | 2,238                       |
| Capital outlay.....                             | 48,386  | 143,000                           | 191,386            | 191,386         | 191,059                        | -  | 327                         |
| Article - PSC monopole and dispatch system..... | 250,000                                       | -                                 | 250,000            | 250,000         | 244,460                        | 5,540                                      | -                           |
| Total.....                                      | 337,248                                       | 3,820,683                         | 4,157,931          | 4,157,931       | 4,059,579                      | 11,413                                     | 86,939                      |
| Fire  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | 662   | 4,633,185                         | 4,633,847          | 4,665,847       | 4,654,412                      | 1,900                                      | 9,535                       |
| Purchase of services.....                       | 5,169   | 86,250                            | 91,419             | 91,419          | 80,796                         | 2,236                                      | 8,387                       |
| Materials and supplies.....                     | 1,934   | 161,675                           | 163,609            | 169,400         | 159,440                        | 2,689                                      | 7,271                       |
| Article - Ambulance.....                        | 295,000                                       | -                                 | 295,000            | 295,000         | 289,282                        | 5,718                                      | -                           |
| Article - Fire turn out gear.....               | 70,000  | -                                 | 70,000             | 70,000          | 69,429                         | 571  | -                           |
| Article - Renovate fire station.....            | -   | -                                 | -                  | 250,000         | -                              | 250,000                                    | -                           |
| Article - Zoll monitor.....                     | -   | -                                 | -                  | 50,000          | -                              | 50,000                                     | -                           |
| Total.....                                      | 372,765                                       | 4,881,110                         | 5,253,875          | 5,591,666       | 5,253,359                      | 313,114                                    | 25,193                      |
| Inspections                                     |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                          | -   | 308,130                           | 308,130            | 308,130         | 242,281                        | -  | 65,849                      |
| Purchase of services.....                       | -   | 3,050                             | 3,050              | 3,050           | 2,428                          | -  | 622                         |
| Materials and supplies.....                     | -   | 1,250                             | 1,250              | 1,250           | 928                            | -  | 322                         |
| Total.....                                      | -   | 312,430                           | 312,430            | 312,430         | 245,637                        | -  | 66,793                      |

(Continued)

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

YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts                              |                                   |                    |                 | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance To<br>Final Budget |
|--|---|-----------------------------------|--------------------|-----------------|--------------------------------|--|-----------------------------|
|  | Amounts<br>Carried forward<br>From Prior Year | Current Year<br>Initial<br>Budget | Original<br>Budget | Final<br>Budget |                                |  |                             |
| Shellfish  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                                   | -   | 8,000                             | 8,000              | 8,000           | 8,000                          | -  | -                           |
| Purchase of services.....                                | -   | 575                               | 575                | 575             | 309                            | -  | 266                         |
| Materials and supplies.....                              | -   | 100                               | 100                | 100             | 100                            | -  | -                           |
| Total.....   | -   | 8,675                             | 8,675              | 8,675           | 8,409                          | -  | 266                         |
| Total Public Safety.....                                 | 710,013                                       | 9,022,898                         | 9,732,911          | 10,070,702      | 9,566,984                      | 324,527                                    | 179,191                     |
| Education  |   |                                   |                    |                 |                                |  |                             |
| School Committee.....                                    | 91,792  | 34,961,956                        | 35,053,748         | 35,056,211      | 34,901,788                     | 154,423                                    | -                           |
| South Shore Regional School Assessment.....              | -   | 706,301                           | 706,301            | 706,301         | 706,301                        | -  | -                           |
| Article - Carpeting various schools.....                 | 5,000   | -                                 | 5,000              | 5,000           | -                              | 5,000                                      | -                           |
| Article - High School generator.....                     | 16,170  | -                                 | 16,170             | 16,170          | -                              | 16,170                                     | -                           |
| Article - Jenkins school playground stairs.....          | 8,308   | -                                 | 8,308              | 8,308           | -                              | 8,308                                      | -                           |
| Article - System wide carpet.....                        | 8,906   | -                                 | 8,906              | 8,906           | -                              | 8,906                                      | -                           |
| Article - School painting.....                           | 43,420  | -                                 | 43,420             | 43,420          | 18,270                         | 25,150                                     | -                           |
| Article - Gates ramp and fire escape.....                | 48,701  | -                                 | 48,701             | -               | -                              | -  | -                           |
| Article - Jenkins outside stairs.....                    | 50,000  | -                                 | 50,000             | 50,000          | -                              | 50,000                                     | -                           |
| Article - Hatherly & Cushing flat roof repair.....       | 275,800                                       | -                                 | 275,800            | 74,501          | 50,757                         | 23,743                                     | 1                           |
| Article - School technology.....                         | 100,000                                       | -                                 | 100,000            | 100,000         | 99,198                         | 802  | -                           |
| Article - High school foyer repair.....                  | -   | -                                 | -                  | 150,000         | -                              | 150,000                                    | -                           |
| Article - Cushing and high school fields irrigation..... | -   | -                                 | -                  | 100,000         | 16,415                         | 83,585                                     | -                           |
| Article - Jenkins swing set.....                         | -   | -                                 | -                  | 30,000          | -                              | 30,000                                     | -                           |
| Article - Hatherly and Cushing modules.....              | -   | -                                 | -                  | 40,000          | -                              | 40,000                                     | -                           |
| Article - Ceiling tile replacement at Hatherly and Cust  | -   | -                                 | -                  | 40,000          | -                              | 40,000                                     | -                           |
| Article - School technology.....                         | -   | -                                 | -                  | 100,000         | 3,525                          | 96,475                                     | -                           |
| Article - Hatherly school replace roof trim.....         | -   | -                                 | -                  | 27,500          | -                              | 27,500                                     | -                           |
| Total Education.....                                     | 648,097                                       | 35,668,257                        | 36,316,354         | 36,556,317      | 35,796,254                     | 760,062                                    | 1                           |
| Public Works   |   |                                   |                    |                 |                                |  |                             |
| Public Works   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                                   | 13,700  | 1,490,182                         | 1,503,882          | 1,490,182       | 1,466,303                      | 3,750                                      | 20,129                      |
| Purchase of services.....                                | 27,017  | 453,240                           | 480,257            | 493,957         | 375,524                        | 31,826                                     | 86,607                      |
| Materials and supplies.....                              | 282   | 199,100                           | 199,382            | 199,382         | 189,281                        | 1,256                                      | 8,845                       |
| Capital outlay.....                                      | 331,381                                       | 421,100                           | 752,481            | 751,604         | 265,713                        | 454,130                                    | 31,761                      |
| Article - DPW survey equipment.....                      | 13,377  | -                                 | 13,377             | 13,377          | -                              | 13,377                                     | -                           |
| Article - Stormwater compliance.....                     | 34,572  | -                                 | 34,572             | 34,572          | -                              | 34,572                                     | -                           |
| Article - Stormwater compliance.....                     | 50,000  | -                                 | 50,000             | 50,000          | -                              | 50,000                                     | -                           |
| Article - FEMA Hurricane Sandy Town share.....           | 66,238  | -                                 | 66,238             | 66,238          | -                              | 66,238                                     | -                           |
| Article - Diesel tank.....                               | 29,773  | -                                 | 29,773             | 29,773          | -                              | 29,773                                     | -                           |
| Article - Roadway improvements.....                      | 162,818                                       | -                                 | 162,818            | 162,818         | 2,573                          | 160,244                                    | 1                           |
| Article - Cudworth cemetery.....                         | 29,265  | -                                 | 29,265             | 29,265          | 1,566                          | 27,699                                     | -                           |
| Article - Foreshore protection.....                      | 200,000                                       | -                                 | 200,000            | 200,000         | -                              | 200,000                                    | -                           |
| Article - Design and engineering of culverts.....        | 50,000  | -                                 | 50,000             | 50,000          | 37,569                         | 12,431                                     | -                           |
| Article - DPW vehicles.....                              | 160,000                                       | -                                 | 160,000            | 160,000         | 159,979                        | 21   | -                           |
| Article - Road and sidewalk improvements.....            | 156,930                                       | -                                 | 156,930            | 156,930         | 73,209                         | 83,721                                     | -                           |
| Article - Road and sidewalk improvements.....            | -   | -                                 | -                  | 300,000         | -                              | 300,000                                    | -                           |
| Article - Foreshore protection.....                      | -   | -                                 | -                  | 200,000         | -                              | 200,000                                    | -                           |
| Article - Cudworth cemetery.....                         | -   | -                                 | -                  | 50,000          | -                              | 50,000                                     | -                           |
| Article - Diesel tank.....                               | -   | -                                 | -                  | 35,000          | -                              | 35,000                                     | -                           |
| Article - CAT front end loader.....                      | -   | -                                 | -                  | 170,000         | -                              | 170,000                                    | -                           |
| Total.....   | 1,325,353                                     | 2,563,622                         | 3,888,975          | 4,643,098       | 2,571,717                      | 1,924,038                                  | 147,343                     |
| Facilities   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                                   | -   | 262,040                           | 262,040            | 262,040         | 246,359                        | -  | 15,681                      |
| Purchase of services.....                                | 808   | 175,161                           | 175,969            | 175,969         | 156,426                        | 11,760                                     | 7,783                       |
| Materials and supplies.....                              | -   | 219,650                           | 219,650            | 187,650         | 162,133                        | 1,324                                      | 24,193                      |
| Capital outlay.....                                      | 98,051  | 151,000                           | 249,051            | 249,051         | 152,493                        | 62,879                                     | 33,679                      |
| Article - Town hall ventilation.....                     | 35,000  | -                                 | 35,000             | 35,000          | -                              | 35,000                                     | -                           |
| Article - Police station demolition.....                 | -   | -                                 | -                  | 250,000         | -                              | 250,000                                    | -                           |
| Article - ADA transition plan.....                       | -   | -                                 | -                  | 50,000          | -                              | 50,000                                     | -                           |
| Total.....   | 133,859                                       | 807,851                           | 941,710            | 1,209,710       | 717,411                        | 410,963                                    | 81,336                      |
| Snow and Ice   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                                   | -   | 88,851                            | 88,851             | 88,851          | 70,657                         | -  | 18,194                      |
| Purchase of services.....                                | -   | 192,160                           | 192,160            | 220,933         | 247,522                        | -  | (26,589)                    |
| Materials and supplies.....                              | -   | 216,102                           | 216,102            | 216,102         | 206,524                        | -  | 9,578                       |
| Total.....   | -   | 497,113                           | 497,113            | 525,886         | 524,703                        | -  | 1,183                       |
| Emergency Storm Clean Up                                 |   |                                   |                    |                 |                                |  |                             |
| Purchase of services.....                                | 39,635  | -                                 | 39,635             | 39,635          | 18,367                         | -  | 21,268                      |

(Continued)

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

YEAR ENDED JUNE 30, 2017

|  | Budgeted Amounts                              |                                   |                    |                 | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance To<br>Final Budget |
|--|---|-----------------------------------|--------------------|-----------------|--------------------------------|--|-----------------------------|
|  | Amounts<br>Carried forward<br>From Prior Year | Current Year<br>Initial<br>Budget | Original<br>Budget | Final<br>Budget |                                |  |                             |
| Street Lights and Beacons                    |   |                                   |                    |                 |                                |  |                             |
| Purchase of services.....                    | -   | 200,000                           | 200,000            | 168,825         | 130,576                        | 13   | 38,236                      |
| Total Public Works.....                      | 1,498,847                                     | 4,068,586                         | 5,567,433          | 6,587,154       | 3,962,774                      | 2,335,014                                  | 289,366                     |
| Human Services                               |   |                                   |                    |                 |                                |  |                             |
| Board of Health                              |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                       | -   | 168,333                           | 168,333            | 168,333         | 156,523                        | -  | 11,810                      |
| Purchase of services.....                    | -   | 9,575                             | 9,575              | 9,575           | 8,119                          | -  | 1,456                       |
| Materials and supplies.....                  | -   | 1,685                             | 1,685              | 1,685           | 1,351                          | 134  | 200                         |
| Capital outlay.....                          | -   | 125                               | 125                | 125             | 125                            | -  | -                           |
| Total.....                                   | -   | 179,718                           | 179,718            | 179,718         | 166,118                        | 134  | 13,466                      |
| Council on Aging                             |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                       | -   | 206,229                           | 206,229            | 206,229         | 205,817                        | -  | 412                         |
| Purchase of services.....                    | 2,442   | 12,880                            | 15,322             | 15,322          | 14,301                         | 578  | 443                         |
| Materials and supplies.....                  | -   | 2,275                             | 2,275              | 2,275           | 2,116                          | -  | 159                         |
| Capital outlay.....                          | -   | 500                               | 500                | 500             | -                              | -  | 500                         |
| Total.....                                   | 2,442   | 221,884                           | 224,326            | 224,326         | 222,234                        | 578  | 1,514                       |
| Veterans' Benefits/Services                  |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                       | -   | 80,073                            | 80,073             | 80,073          | 67,345                         | -  | 12,728                      |
| Purchase of services.....                    | 7,450   | 124,345                           | 131,795            | 131,795         | 102,646                        | 3,009                                      | 26,140                      |
| Materials and supplies.....                  | -   | 1,250                             | 1,250              | 1,250           | 885                            | -  | 365                         |
| Total.....                                   | 7,450   | 205,668                           | 213,118            | 213,118         | 170,876                        | 3,009                                      | 39,233                      |
| Commission on Disabilities                   |   |                                   |                    |                 |                                |  |                             |
| Purchase of services.....                    | -   | 5,000                             | 5,000              | 5,000           | 1,561                          | 600  | 2,839                       |
| Total Human Services.....                    | 9,892   | 612,270                           | 622,162            | 622,162         | 560,789                        | 4,321                                      | 57,052                      |
| Culture and Recreation                       |   |                                   |                    |                 |                                |  |                             |
| Library                                      |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                       | -   | 775,048                           | 775,048            | 775,048         | 655,355                        | 5,250                                      | 114,443                     |
| Purchase of services.....                    | -   | 71,220                            | 71,220             | 71,220          | 57,779                         | 5,437                                      | 8,004                       |
| Materials and supplies.....                  | -   | 135,450                           | 135,450            | 135,450         | 135,449                        | -  | 1                           |
| Capital outlay.....                          | -   | 5,000                             | 5,000              | 5,000           | 2,686                          | -  | 2,314                       |
| Total.....                                   | -   | 986,718                           | 986,718            | 986,718         | 851,269                        | 10,687                                     | 124,762                     |
| Recreation                                   |   |                                   |                    |                 |                                |  |                             |
| Personal services.....                       | -   | 138,176                           | 138,176            | 138,176         | 137,434                        | -  | 742                         |
| Purchase of services.....                    | -   | 695                               | 695                | 695             | 690                            | -  | 5                           |
| Materials and supplies.....                  | -   | 250                               | 250                | 250             | 250                            | -  | -                           |
| Article - Club boats.....                    | 45,474  | -                                 | 45,474             | 45,474          | 43,174                         | 2,300                                      | -                           |
| Article - Turf carpet replacement.....       | -   | -                                 | -                  | 445,000         | -                              | 445,000                                    | -                           |
| Total.....                                   | 45,474  | 139,121                           | 184,595            | 629,595         | 181,548                        | 447,300                                    | 747                         |
| Beautification                               |   |                                   |                    |                 |                                |  |                             |
| Materials and supplies.....                  | 2,082   | 20,500                            | 22,582             | 22,582          | 20,632                         | 1,950                                      | -                           |
| Historical Buildings                         |   |                                   |                    |                 |                                |  |                             |
| Purchase of services.....                    | 355   | 13,744                            | 14,099             | 14,099          | 12,931                         | 475  | 693                         |
| Total Culture and Recreation.....            | 47,911  | 1,160,083                         | 1,207,994          | 1,652,994       | 1,066,380                      | 460,412                                    | 126,202                     |
| Debt Service                                 |   |                                   |                    |                 |                                |  |                             |
| Principal.....                               | -   | 7,715,806                         | 7,715,806          | 4,428,460       | 4,423,512                      | 6,480                                      | (1,532)                     |
| Interest.....                                | -   | -                                 | -                  | 3,287,346       | 3,285,814                      | -  | 1,532                       |
| Article - Transfer station debt paydown..... | 647   | -                                 | 647                | 647             | -                              | 647  | -                           |
| Total Debt Service.....                      | 647   | 7,715,806                         | 7,716,453          | 7,716,453       | 7,709,326                      | 7,127                                      | -                           |

(Continued)

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

YEAR ENDED JUNE 30, 2017

|   | Budgeted Amounts                              |                                   |                     |                    | Actual<br>Budgetary<br>Amounts | Amounts<br>Carried Forward<br>To Next Year | Variance To<br>Final Budget |
|---|---|-----------------------------------|---------------------|--------------------|--------------------------------|--|-----------------------------|
|   | Amounts<br>Carried forward<br>From Prior Year | Current Year<br>Initial<br>Budget | Original<br>Budget  | Final<br>Budget    |                                |  |                             |
| Non-Contributory Pension.....                                     | -   | 27,040                            | 27,040              | 27,040             | 27,040                         | -  | -                           |
| Plymouth County Retirement.....                                   | -   | 4,461,124                         | 4,461,124           | 4,511,124          | 4,511,124                      | -  | -                           |
| Workers' Compensation.....  | -   | 200,000                           | 200,000             | 200,000            | 200,000                        | -  | -                           |
| Unemployment Insurance.....                                       | 2,500   | 66,000                            | 68,500              | 68,500             | 58,470                         | 929  | 9,101                       |
| Contributory Group Insurance.....                                 | 2,672   | 5,656,298                         | 5,658,970           | 5,665,645          | 5,486,444                      | 179,183                                    | 18                          |
| Employee Benefits.....  | -   | 678,200                           | 678,200             | 678,200            | 644,102                        | -  | 34,098                      |
| State and county charges.....                                     | -   | 698,248                           | 698,248             | 698,022            | 690,039                        | -  | 7,983                       |
| <b>TOTAL EXPENDITURES.....</b>                                    | <b>3,496,554</b>                              | <b>73,591,731</b>                 | <b>77,088,285</b>   | <b>79,338,570</b>  | <b>73,665,523</b>              | <b>4,615,949</b>                           | <b>1,057,098</b>            |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES.....</b> | <b>(3,496,554)</b>                            | <b>(524,622)</b>                  | <b>(4,021,176)</b>  | <b>(6,271,461)</b> | <b>1,089,090</b>               | <b>(4,615,949)</b>                         | <b>2,744,602</b>            |
| <b>OTHER FINANCING SOURCES (USES):</b>                            |   |                                   |                     |                    |                                |  |                             |
| Premium from issuance of bonds.....                               | -   | -                                 | -                   | -                  | 34,648                         | -  | 34,648                      |
| Transfers in.....   | -   | 1,185,810                         | 1,185,810           | 1,667,237          | 1,667,237                      | -  | -                           |
| Transfers out.....  | -   | (1,070,004)                       | (1,070,004)         | (1,941,950)        | (1,942,004)                    | -  | (54)                        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)...</b>                    | <b>-</b>                                      | <b>115,806</b>                    | <b>115,806</b>      | <b>(274,713)</b>   | <b>(240,119)</b>               | <b>-</b>                                   | <b>34,594</b>               |
| <b>NET CHANGE IN FUND BALANCE.....</b>                            | <b>(3,496,554)</b>                            | <b>(408,816)</b>                  | <b>(3,905,370)</b>  | <b>(6,546,174)</b> | <b>848,971</b>                 | <b>(4,615,949)</b>                         | <b>2,779,196</b>            |
| <b>BUDGETARY FUND BALANCE, Beginning of year.....</b>             | <b>-</b>                                      | <b>7,534,923</b>                  | <b>7,534,923</b>    | <b>7,534,923</b>   | <b>7,534,923</b>               | <b>-</b>                                   | <b>-</b>                    |
| <b>BUDGETARY FUND BALANCE, End of year.....</b>                   | <b>\$ (3,496,554)</b>                         | <b>\$ 7,126,107</b>               | <b>\$ 3,629,553</b> | <b>\$ 988,749</b>  | <b>\$ 8,383,894</b>            | <b>\$ (4,615,949)</b>                      | <b>\$ 2,779,196</b>         |

(Concluded)

See notes to required supplementary information.



# ***Pension Plan Schedules***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

|  | December 31,<br>2014 | December 31,<br>2015 | December 31,<br>2016 |
|--|----------------------|----------------------|----------------------|
| Town's proportion of the net pension liability (asset).....                        | 6.490%               | 6.490%               | 6.559%               |
| Town's proportionate share of the net pension liability (asset)..... \$            | 37,830,302           | \$ 41,160,818        | \$ 41,548,935        |
| Town's covered employee payroll..... \$  | 16,533,286           | \$ 17,153,284        | \$ 17,428,266        |
| Net pension liability as a percentage of covered-employee<br>payroll.....          | 228.81%              | 239.96%              | 238.40%              |
| Plan fiduciary net position as a percentage of the<br>total pension liability..... | 58.88%               | 56.80%               | 58.32%               |

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

|  | June 30,<br>2015   | June 30,<br>2016   | June 30,<br>2017   |
|--|--------------------|--------------------|--------------------|
| Actuarially determined contribution.....                                     | \$ 3,912,145       | \$ 4,141,767       | \$ 4,373,651       |
| Contributions in relation to the actuarially<br>determined contribution..... | <u>(3,912,145)</u> | <u>(4,141,767)</u> | <u>(4,373,651)</u> |
| Contribution deficiency (excess).....  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| Covered-employee payroll.....  | \$ 16,533,286      | \$ 17,153,284      | \$ 17,428,266      |
| Contributions as a percentage of covered-<br>employee payroll.....           | 23.66%             | 24.15%             | 25.10%             |

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

| <u>Fiscal Year</u> |    | <u>Commonwealth's<br/>100% Share of the<br/>Net Pension<br/>Liability<br/>Associated with<br/>the Town</u> | <u>Town's Expense<br/>and Revenue<br/>Recognized for<br/>the<br/>Commonwealth's<br/>Support</u> | <u>Plan Fiduciary Net<br/>Position as a<br/>Percentage of the<br/>Total Liability</u> |
|--------------------|----|--|---|---|
| 2017.....          | \$ | 84,962,764   | \$ 8,666,759  | 52.73%  |
| 2016.....          |    | 78,329,833   | 6,353,247   | 55.38%  |
| 2015.....          |    | 60,029,569   | 4,170,542   | 61.64%  |

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefits Plan Schedules***

## **GASB #74**

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the Plan's net other postemployment benefit liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

## **GASB #45**

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

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

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

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

|   | <u>June 30, 2017</u>        |
|---|-----------------------------|
| <b>Total OPEB Liability</b>   |                             |
| Service Cost.....   | \$ 1,957,066                |
| Interest.....   | 2,119,267                   |
| Changes of benefit terms.....   | -                           |
| Differences between expected and actual experience.....                         | -                           |
| Changes of assumptions.....   | 16,839,537                  |
| Benefit payments.....   | <u>(2,363,041)</u>          |
| Net change in total OPEB liability.....   | 18,552,829                  |
| Total OPEB liability - beginning.....   | 65,659,808                  |
| Total OPEB liability - ending (a).....  | <u>\$ 84,212,637</u>        |
| <b>Plan fiduciary net position</b>  |                             |
| Contributions - employer .....  | \$ 2,500,514                |
| Net investment income.....  | 6,740                       |
| Benefit payments.....   | <u>(2,363,041)</u>          |
| Net change in plan fiduciary net position.....                                  | 144,213                     |
| Plan fiduciary net position - beginning.....                                    | 675,922                     |
| Plan fiduciary net position - ending (b).....                                   | <u>\$ 820,135</u>           |
| <b>Town's net OPEB liability - ending (a)-(b).....</b>                          | <b><u>\$ 83,392,502</u></b> |
| Plan fiduciary net position as a percentage of the<br>total OPEB liability..... | 0.97%                       |
| Covered-employee payroll.....   | \$ 45,656,152               |
| Town's net OPEB liability as a percentage of<br>covered-employee payroll.....   | 182.65%                     |

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years  
for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

|  | <u>June 30, 2017</u> |
|--|----------------------|
| Actuarially determined contribution.....                                     | \$ 2,363,041         |
| Contributions in relation to the actuarially<br>determined contribution..... | <u>(2,500,514)</u>   |
| Contribution deficiency (excess).....  | <u>\$ (137,473)</u>  |
| Covered-employee payroll.....  | \$ 45,656,152        |
| Contributions as a percentage of covered-<br>employee payroll.....           | 5.18%                |

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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June 30, 2017

|   |       |
|---|-------|
| Annual money-weighted rate of return,<br>net of investment expense..... | 0.89% |
|---|-------|

Note: This schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.



**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date | Value of<br>Assets<br>(A) | Liability (AAL)<br>Projected Unit Cost<br>(B) | AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|---------------------------|---|------------------------|--------------------------|---------------------------|---|
| 7/1/2016                       | \$ 675,923                | \$ 81,929,892                                 | \$ 81,253,969          | 0.83%                    | 45,656,153                | 178.0%  |
| 7/1/2014                       | -                         | 60,252,654                                    | 60,252,654             | 0.00%                    | N/A                       | N/A   |
| 7/1/2012                       | -                         | 65,117,566                                    | 65,117,566             | 0.00%                    | N/A                       | N/A   |

**Schedule of Employer Contributions**

| Year<br>Ended | Annual<br>Required<br>Contribution | Actual<br>Contributions | Total<br>Percentage<br>Contributed |
|---------------|------------------------------------|-------------------------|------------------------------------|
| 6/30/2017     | \$ 4,760,329                       | \$ 2,500,514            | 52.5%                              |
| 6/30/2016     | 4,575,248                          | 1,970,330               | 43.1%                              |
| 6/30/2015     | 4,396,050                          | 2,167,131               | 49.3%                              |
| 6/30/2014     | 5,568,342                          | 1,921,119               | 34.5%                              |
| 6/30/2013     | 5,320,551                          | 2,016,132               | 37.9%                              |

See notes to required supplementary information.

**ACTUARIAL METHODS AND ASSUMPTIONS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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Actuarial Methods:

|                                    |   |
|------------------------------------|---|
| Valuation date.....                | July 1, 2016                                |
| Actuarial cost method.....         | Entry age normal as a percentage of payroll |
| Remaining amortization period..... | 30 years as of July 1, 2016, open           |

Actuarial Assumptions:

|                                   |   |
|-----------------------------------|---|
| Investment rate of return.....    | 3.50%   |
| Projected salary increases.....   | 3.00%   |
| Medical/drug cost trend rate..... | 8% in 2018 grading down 0.5% per year<br>reaching the ultimate rate of 5% in 2026 |

Plan Membership:

|  |                     |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 562                 |
| Current active members.....                          | <u>693</u>          |
| Total.....   | <u><u>1,255</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, and 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. This level is typically at the individual department salary and expense level. 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 2017 approved budget for the general fund includes \$74.7 million in current year appropriations and other amounts to be raised and \$3.5 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$3.1 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, 2017, is presented below:

|   |    |                    |
|---|----|--------------------|
| Net change in fund balance - budgetary basis.....       | \$ | 848,971            |
| <u>Perspective difference:</u>                          |    |                    |
| Funds recorded in the General Fund for GAAP:            |    |                    |
| Stabilization Fund.....                                 |    | 1,082,916          |
| Workers' Compensation Fund.....                         |    | 9,102              |
| <u>Basis of accounting differences:</u>                 |    |                    |
| Net change in revenue accruals.....                     |    | (27,929)           |
| Recognition of revenue for on-behalf payments.....      |    | 8,666,759          |
| Recognition of expenditures for on-behalf payments..... |    | <u>(8,666,759)</u> |
| Net change in fund balance - GAAP basis.....            | \$ | <u>1,913,060</u>   |

**NOTE B – PENSION PLAN*****Pension Plan Schedules*****A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

**B. Schedule of the Town's Contributions**

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

**C. Schedule of the Special Funding Amounts of the Net Pension Liabilities**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

The following changes in assumptions were included in the January 1, 2017, actuarial valuation:

- Cost of living increases were 3.0% of the first \$14,000 of retirement income, as compared to \$13,000 in the prior year.
- The annual rate of both pre-retirement and beneficiary mortality was changed to the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational table.
- The mortality for retired group 1 and 2 members was changed to the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Group 4 retired members were changed to the RP-2014 Blue Collar Mortality table set forward three years for males, and six years for females, fully generational.
- The assumed family composition was changed to assume that 80% of all male members and 60% of all female members will be survived by a spouse, as compared to the prior valuation assumption that 80% of all members will be survived by a spouse.
- The amortization method changed from the level percent open group method to a method where payments increase at 3.5% for the unfunded actuarial accrued liability and level amortization for the 2002, 2003 and 2013 ERI.
- The amortization period changed from 17 years to amortization of the unfunded liability over 12 years, the 2002 ERI over 2 years, the 2003 ERI over 3 years, and the 2013 ERI over 11 years.
- The assumed annual increase in administrative expenses was changed to 3.75%, from 4.00%.

E. Changes in Plan Provisions – None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (“the Other Post Employment Benefit Plan”). The plan provides lifetime healthcare 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 Other Postemployment Benefit Plan***A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

***The Town***

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 1%. 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.

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.

**A. Schedule of Funding Progress**

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

**B. Schedule of Employer Contributions**

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

**C. Schedule of Actuarial Methods and Assumptions**

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

**D. Changes in Assumptions**

The following assumption changes were reflected in the July 1, 2016 actuarial valuation:

- The discount rate was decreased from 4.0% to 3.5%.

**E. Changes in Plan Provisions – None**

# ***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*– To account for various gifts administered by Town departments.

*Town Grants* – To account for various 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.

*Library Renovation* – To account for the renovation of Town library.

## ***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**  
COMBINING BALANCE SHEET

JUNE 30, 2017

|   | <b>Special Revenue Funds</b> |                             |                     |                   |                     |                     |
|---|------------------------------|-----------------------------|---------------------|-------------------|---------------------|---------------------|
|   | School<br>Lunch              | School<br>Gifts &<br>Grants | School<br>Revolving | Town<br>Gifts     | Town<br>Grants      | Town<br>Revolving   |
| <b>ASSETS</b>   |                              |                             |                     |                   |                     |                     |
| Cash and cash equivalents.....  | \$ 20,055                    | \$ 646,572                  | \$ 446,902          | \$ 209,241        | \$ 2,775,614        | \$ 4,524,625        |
| Receivables, net of uncollectibles:   |                              |                             |                     |                   |                     |                     |
| Departmental and other.....   | -                            | -                           | -                   | -                 | -                   | 5,500               |
| Special assessments.....  | -                            | -                           | -                   | -                 | -                   | -                   |
| Intergovernmental.....  | -                            | 145,880                     | -                   | -                 | 1,501,019           | -                   |
| <b>TOTAL ASSETS.....</b>  | <b>\$ 20,055</b>             | <b>\$ 792,452</b>           | <b>\$ 446,902</b>   | <b>\$ 209,241</b> | <b>\$ 4,276,633</b> | <b>\$ 4,530,125</b> |
| <b>LIABILITIES</b>  |                              |                             |                     |                   |                     |                     |
| Warrants payable.....   | \$ 5,226                     | \$ 15,919                   | \$ 1,500            | \$ 1,161          | \$ 543,530          | \$ 21,552           |
| Accrued payroll.....  | 638                          | -                           | 347                 | -                 | 4,773               | 48,053              |
| Due to other funds.....   | -                            | -                           | -                   | -                 | -                   | -                   |
| Notes payable.....  | -                            | -                           | -                   | -                 | -                   | -                   |
| <b>TOTAL LIABILITIES.....</b>   | <b>5,864</b>                 | <b>15,919</b>               | <b>1,847</b>        | <b>1,161</b>      | <b>548,303</b>      | <b>69,605</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                              |                             |                     |                   |                     |                     |
| Unavailable revenue.....  | -                            | -                           | -                   | -                 | -                   | 5,500               |
| <b>FUND BALANCES</b>  |                              |                             |                     |                   |                     |                     |
| Nonspendable.....   | -                            | -                           | -                   | -                 | -                   | -                   |
| Restricted.....   | 14,191                       | 776,533                     | 445,055             | 208,080           | 3,728,330           | 4,455,020           |
| Unassigned.....   | -                            | -                           | -                   | -                 | -                   | -                   |
| <b>TOTAL FUND BALANCES.....</b>   | <b>14,191</b>                | <b>776,533</b>              | <b>445,055</b>      | <b>208,080</b>    | <b>3,728,330</b>    | <b>4,455,020</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES.....</b> | <b>\$ 20,055</b>             | <b>\$ 792,452</b>           | <b>\$ 446,902</b>   | <b>\$ 209,241</b> | <b>\$ 4,276,633</b> | <b>\$ 4,530,125</b> |

(continued)

| Special Revenue Funds   |                    |                      | Capital<br>Project Fund | Permanent<br>Fund     | Total<br>Nonmajor<br>Governmental<br>Funds |
|-------------------------|--------------------|----------------------|-------------------------|-----------------------|--|
| Highway<br>Improvements | Title V<br>Program | Subtotal             | Library<br>Renovation   | Town<br>Trust<br>Fund |  |
| \$ -                    | \$ 21,500          | \$ 8,644,509         | \$ 511,179              | \$ 546,537            | \$ 9,702,225                               |
| -                       | -                  | 5,500                | -                       | -                     | 5,500                                      |
| -                       | 2,000              | 2,000                | -                       | -                     | 2,000                                      |
| 867,578                 | -                  | 2,514,477            | -                       | -                     | 2,514,477                                  |
| <u>\$ 867,578</u>       | <u>\$ 23,500</u>   | <u>\$ 11,166,486</u> | <u>\$ 511,179</u>       | <u>\$ 546,537</u>     | <u>\$ 12,224,202</u>                       |
| \$ 422,180              | \$ -               | \$ 1,011,068         | \$ 723,288              | \$ 8,788              | \$ 1,743,144                               |
| -                       | -                  | 53,811               | -                       | 2,239                 | 56,050                                     |
| 57,902                  | -                  | 57,902               | -                       | -                     | 57,902                                     |
| -                       | -                  | -                    | 1,300,000               | -                     | 1,300,000                                  |
| 480,082                 | -                  | 1,122,781            | 2,023,288               | 11,027                | 3,157,096                                  |
| 387,496                 | 2,000              | 394,996              | -                       | -                     | 394,996                                    |
| -                       | -                  | -                    | -                       | 27,051                | 27,051                                     |
| -                       | 21,500             | 9,648,709            | -                       | 508,459               | 10,157,168                                 |
| -                       | -                  | -                    | (1,512,109)             | -                     | (1,512,109)                                |
| -                       | 21,500             | 9,648,709            | (1,512,109)             | 535,510               | 8,672,110                                  |
| <u>\$ 867,578</u>       | <u>\$ 23,500</u>   | <u>\$ 11,166,486</u> | <u>\$ 511,179</u>       | <u>\$ 546,537</u>     | <u>\$ 12,224,202</u>                       |

(concluded)

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

YEAR ENDED JUNE 30, 2017

|   | <b>Special Revenue Funds</b> |                             |                     |                   |                     |                     |
|---|------------------------------|-----------------------------|---------------------|-------------------|---------------------|---------------------|
|   | School<br>Lunch              | School<br>Gifts &<br>Grants | School<br>Revolving | Town<br>Gifts     | Town<br>Grants      | Town<br>Revolving   |
| <b>REVENUES:</b>  |                              |                             |                     |                   |                     |                     |
| Licenses and permits.....   | \$ -                         | \$ -                        | \$ -                | \$ -              | \$ -                | \$ 277,563          |
| Fines and forfeitures.....  | -                            | -                           | -                   | -                 | -                   | -                   |
| Intergovernmental.....  | 158,890                      | 2,265,923                   | -                   | -                 | 7,252,507           | 148,422             |
| Departmental and other.....   | 689,838                      | -                           | 1,550,769           | -                 | -                   | 1,839,201           |
| Contributions.....  | -                            | -                           | 43,695              | 51,653            | -                   | 7,672               |
| Investment income.....  | 9                            | -                           | -                   | -                 | 28                  | 2,104               |
| <b>TOTAL REVENUES.....</b>  | <b>848,737</b>               | <b>2,265,923</b>            | <b>1,594,464</b>    | <b>51,653</b>     | <b>7,252,535</b>    | <b>2,274,962</b>    |
| <b>EXPENDITURES:</b>  |                              |                             |                     |                   |                     |                     |
| Current:  |                              |                             |                     |                   |                     |                     |
| General government.....   | -                            | -                           | -                   | 988               | 1,505,847           | 844,761             |
| Public safety.....  | -                            | -                           | -                   | 4,437             | 192,453             | 28,613              |
| Education.....  | 834,546                      | 2,330,665                   | 1,529,581           | -                 | -                   | -                   |
| Public works.....   | -                            | -                           | -                   | -                 | 1,872,570           | 380,926             |
| Human services.....   | -                            | -                           | -                   | 48                | 167,318             | 164,729             |
| Culture and recreation.....   | -                            | -                           | -                   | 5,750             | 5,781               | 366,972             |
| <b>TOTAL EXPENDITURES.....</b>  | <b>834,546</b>               | <b>2,330,665</b>            | <b>1,529,581</b>    | <b>11,223</b>     | <b>3,743,969</b>    | <b>1,786,001</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES.....</b> | <b>14,191</b>                | <b>(64,742)</b>             | <b>64,883</b>       | <b>40,430</b>     | <b>3,508,566</b>    | <b>488,961</b>      |
| <b>OTHER FINANCING SOURCES (USES):</b>                                    |                              |                             |                     |                   |                     |                     |
| Transfers out.....  | -                            | -                           | -                   | -                 | (136,912)           | (501,300)           |
| <b>NET CHANGE IN FUND BALANCES.....</b>                                   | <b>14,191</b>                | <b>(64,742)</b>             | <b>64,883</b>       | <b>40,430</b>     | <b>3,371,654</b>    | <b>(12,339)</b>     |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                            | <b>-</b>                     | <b>841,275</b>              | <b>380,172</b>      | <b>167,650</b>    | <b>356,676</b>      | <b>4,467,359</b>    |
| <b>FUND BALANCES AT END OF YEAR.....</b>                                  | <b>\$ 14,191</b>             | <b>\$ 776,533</b>           | <b>\$ 445,055</b>   | <b>\$ 208,080</b> | <b>\$ 3,728,330</b> | <b>\$ 4,455,020</b> |

(continued)

| Special Revenue Funds   |                    |              | Capital<br>Project Fund | Permanent<br>Fund     | Total<br>Nonmajor<br>Governmental<br>Funds |
|-------------------------|--------------------|--------------|-------------------------|-----------------------|--|
| Highway<br>Improvements | Title V<br>Program | Subtotal     | Library<br>Renovation   | Town<br>Trust<br>Fund |  |
| \$ -                    | \$ -               | \$ 277,563   | \$ -                    | \$ -                  | \$ 277,563                                 |
| -                       | -                  | -            | -                       | 1,425                 | 1,425                                      |
| 1,248,863               | -                  | 11,074,605   | 997,096                 | -                     | 12,071,701                                 |
| -                       | 625                | 4,080,433    | -                       | -                     | 4,080,433                                  |
| -                       | -                  | 103,020      | 300,000                 | 20,740                | 423,760                                    |
| -                       | -                  | 2,141        | 2,824                   | 812                   | 5,777                                      |
| 1,248,863               | 625                | 15,537,762   | 1,299,920               | 22,977                | 16,860,659                                 |
| -                       | -                  | 2,351,596    | -                       | -                     | 2,351,596                                  |
| -                       | -                  | 225,503      | -                       | 18,165                | 243,668                                    |
| -                       | -                  | 4,694,792    | -                       | -                     | 4,694,792                                  |
| 1,253,216               | -                  | 3,506,712    | -                       | 1,250                 | 3,507,962                                  |
| -                       | -                  | 332,095      | -                       | -                     | 332,095                                    |
| -                       | -                  | 378,503      | 6,320,683               | 11,384                | 6,710,570                                  |
| 1,253,216               | -                  | 11,489,201   | 6,320,683               | 30,799                | 17,840,683                                 |
| (4,353)                 | 625                | 4,048,561    | (5,020,763)             | (7,822)               | (980,024)                                  |
| -                       | (6,858)            | (645,070)    | -                       | -                     | (645,070)                                  |
| (4,353)                 | (6,233)            | 3,403,491    | (5,020,763)             | (7,822)               | (1,625,094)                                |
| 4,353                   | 27,733             | 6,245,218    | 3,508,654               | 543,332               | 10,297,204                                 |
| \$ -                    | \$ 21,500          | \$ 9,648,709 | \$ (1,512,109)          | \$ 535,510            | \$ 8,672,110                               |

(concluded)

## ***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, 2017

|   | <u>July 1, 2016</u> |    | <u>Additions</u> |    | <u>Deletions</u> |    | <u>June 30, 2017</u> |
|---|---------------------|----|------------------|----|------------------|----|----------------------|
| <b><u>ASSETS</u></b>                              |                     |    |                  |    |                  |    |                      |
| Cash and cash equivalents.....                    | \$ 1,091,597        | \$ | 1,475,796        | \$ | (52,672)         | \$ | 2,514,721            |
| Receivables, net of allowance for uncollectibles: |                     |    |                  |    |                  |    |                      |
| Departmental and other.....                       | <u>123,171</u>      |    | <u>83,270</u>    |    | <u>(123,171)</u> |    | <u>83,270</u>        |
| TOTAL ASSETS.....                                 | <u>\$ 1,214,768</u> | \$ | <u>1,559,066</u> | \$ | <u>(175,843)</u> | \$ | <u>2,597,991</u>     |
| <b><u>LIABILITIES</u></b>                         |                     |    |                  |    |                  |    |                      |
| Warrants payable.....                             | \$ 47,883           | \$ | 769,649          | \$ | (47,883)         | \$ | 769,649              |
| Accrued liabilities.....                          | 26,369              |    | 629,333          |    | (26,369)         |    | 629,333              |
| Liabilities due depositors.....                   | <u>1,140,516</u>    |    | <u>160,084</u>   |    | <u>(101,591)</u> |    | <u>1,199,009</u>     |
| TOTAL LIABILITIES.....                            | <u>\$ 1,214,768</u> | \$ | <u>1,559,066</u> | \$ | <u>(175,843)</u> | \$ | <u>2,597,991</u>     |

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# Statistical Section

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



Oceanside Drive Seawall

The Town has received \$10M in grants and low interest loans from the Commonwealth of Massachusetts Dam & Seawall Repair Fund for replacement of approximately 2,000 linear feet of seawall on Oceanside Drive in one of the sections of the Town that is prone to flooding. During 2016-2017, the Department of Public Works was monitoring three separate seawall replacement projects.



The map above depicts the areas in Scituate that have benefitted from the grants and low interest loans afforded by the Commonwealth of Massachusetts Dam & Seawall Repair Fund. Property owners abutting the seawall in this area were required to provide easements in order for the projects to commence.

## ***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

|  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | (1)<br>2014          | 2015                 | 2016                 | 2017                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Governmental activities</b>                   |                       |                       |                       |                       |                       |                       |                      |                      |                      |                       |
| Net investment in capital assets.....            | \$ 49,384,451         | \$ 49,839,475         | \$ 54,816,911         | \$ 54,601,696         | \$ 55,977,544         | \$ 56,560,454         | \$ 57,977,964        | \$ 58,009,621        | \$ 74,483,888        | \$ 93,697,063         |
| Restricted.....                                  | 18,242                | (199,509)             | 8,814,140             | 7,488,133             | 8,573,833             | 8,821,398             | 10,144,946           | 14,966,255           | 11,052,873           | 14,171,118            |
| Unrestricted.....                                | <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>(37,686,872)</u>  | <u>(39,543,990)</u>  | <u>(41,330,572)</u>  | <u>(43,918,708)</u>   |
| Total governmental activities net position.....  | <u>\$ 66,732,102</u>  | <u>\$ 62,653,917</u>  | <u>\$ 63,658,270</u>  | <u>\$ 63,298,355</u>  | <u>\$ 64,965,347</u>  | <u>\$ 63,308,767</u>  | <u>\$ 30,436,038</u> | <u>\$ 33,431,886</u> | <u>\$ 44,206,189</u> | <u>\$ 63,949,473</u>  |
| <b>Business-type activities</b>                  |                       |                       |                       |                       |                       |                       |                      |                      |                      |                       |
| Net investment in capital assets.....            | \$ 35,825,501         | \$ 35,437,109         | \$ 35,539,137         | \$ 25,231,111         | \$ 26,572,988         | \$ 27,524,735         | \$ 28,948,580        | \$ 30,168,211        | \$ 33,793,072        | \$ 37,113,868         |
| Restricted.....                                  | 2,405,520             | 4,352,481             | -                     | -                     | -                     | -                     | -                    | -                    | -                    | -                     |
| Unrestricted.....                                | <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>15,231,833</u>    | <u>15,476,554</u>    | <u>12,603,082</u>    | <u>9,563,672</u>      |
| Total business-type activities net position..... | <u>\$ 39,904,005</u>  | <u>\$ 40,733,335</u>  | <u>\$ 40,264,718</u>  | <u>\$ 40,577,119</u>  | <u>\$ 40,801,924</u>  | <u>\$ 41,052,270</u>  | <u>\$ 44,180,413</u> | <u>\$ 45,644,765</u> | <u>\$ 46,396,154</u> | <u>\$ 46,677,540</u>  |
| <b>Primary government</b>                        |                       |                       |                       |                       |                       |                       |                      |                      |                      |                       |
| Net investment in capital assets.....            | \$ 85,209,952         | \$ 85,276,584         | \$ 90,356,048         | \$ 79,832,807         | \$ 82,550,532         | \$ 84,085,189         | \$ 86,926,544        | \$ 88,177,832        | \$ 108,276,960       | \$ 130,810,931        |
| Restricted.....                                  | 2,423,762             | 4,152,972             | 8,814,140             | 7,488,133             | 8,573,833             | 8,821,398             | 10,144,946           | 14,966,255           | 11,052,873           | 14,171,118            |
| Unrestricted.....                                | <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>(22,455,039)</u>  | <u>(24,067,436)</u>  | <u>(28,727,490)</u>  | <u>(34,355,036)</u>   |
| Total primary government net position.....       | <u>\$ 106,636,107</u> | <u>\$ 103,387,252</u> | <u>\$ 103,922,988</u> | <u>\$ 103,875,474</u> | <u>\$ 105,767,271</u> | <u>\$ 104,361,037</u> | <u>\$ 74,616,451</u> | <u>\$ 79,076,651</u> | <u>\$ 90,602,343</u> | <u>\$ 110,627,013</u> |

(1) Reflects the implementation of GASB Statement #68 and #71.

Source: Audited Financial Statements

## Changes in Net Position

### Last Ten Years

|   | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Expenses</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government.....   | \$ 1,720,578    | \$ 3,009,851    | \$ 3,246,946    | \$ 4,323,746    | \$ 4,256,315    | \$ 3,791,027    | \$ 4,226,125    | \$ 4,876,844    | \$ 5,984,034    | \$ 7,189,607    |
| Public safety.....  | 7,610,879       | 7,546,848       | 11,084,521      | 10,738,455      | 11,473,602      | 11,893,978      | 12,168,321      | 13,092,547      | 12,078,310      | 14,026,757      |
| Education.....  | 33,878,524      | 33,027,486      | 44,988,566      | 47,275,114      | 50,586,444      | 51,771,927      | 54,642,980      | 49,944,296      | 53,653,828      | 58,568,294      |
| Public works.....   | 2,760,936       | 5,599,076       | 5,249,424       | 4,903,562       | 4,193,275       | 6,166,961       | 5,471,895       | 6,767,282       | 6,784,427       | 6,913,537       |
| Human services.....   | 663,160         | 640,542         | 646,098         | 929,568         | 948,776         | 1,125,471       | 1,212,812       | 1,113,052       | 1,172,068       | 1,283,390       |
| Culture and recreation.....   | 1,634,520       | 1,876,715       | 3,215,979       | 1,902,885       | 1,953,509       | 2,015,558       | 2,103,933       | 2,129,813       | 2,294,558       | 2,147,386       |
| Pension and fringe benefits.....  | 12,886,060      | 17,687,715      | -               | -               | -               | -               | -               | -               | -               | -               |
| State and county charges.....   | 440,570         | 519,199         | -               | -               | -               | -               | -               | -               | -               | -               |
| Community Preservation.....   | 539,094         | 266,799         | -               | 286,425         | 59,513          | 2,480           | 721,633         | 155,246         | 130,760         | 224,085         |
| Interest.....   | 659,145         | 648,430         | 565,702         | 925,853         | 415,187         | 651,163         | 566,494         | 994,681         | 2,879,164       | 2,734,823       |
| Total government activities expenses.....                                   | 62,793,466      | 70,822,661      | 68,997,236      | 71,285,608      | 73,886,621      | 77,418,565      | 81,114,193      | 79,073,761      | 84,977,149      | 93,087,879      |
| <b>Business-type activities:</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Water.....  | 2,382,885       | 2,623,876       | 3,356,155       | 2,606,437       | 2,567,621       | 2,638,627       | 2,144,201       | 2,664,045       | 3,755,045       | 3,545,095       |
| Sewer.....  | 3,059,799       | 2,898,587       | 2,727,459       | 3,390,595       | 2,962,259       | 2,735,738       | 2,648,252       | 3,188,094       | 2,935,172       | 2,768,239       |
| Transfer Station.....   | 1,120,254       | 1,098,783       | 966,933         | 971,757         | 1,015,410       | 958,265         | 1,056,911       | 953,805         | 1,228,775       | 1,053,676       |
| Golf.....   | 1,120,329       | 1,133,153       | 1,085,893       | 990,937         | 1,045,083       | 1,083,881       | 913,694         | 1,004,683       | 1,101,808       | 1,028,660       |
| Waterways.....  | 890,446         | 859,709         | 911,562         | 971,278         | 934,540         | 861,637         | 837,378         | 896,952         | 1,401,768       | 1,112,560       |
| Total business-type activities expenses.....                                | 8,573,713       | 8,614,108       | 9,048,002       | 8,931,004       | 8,524,913       | 8,278,148       | 7,600,436       | 8,707,579       | 10,422,568      | 9,508,230       |
| Total primary government expenses.....                                      | \$ 71,367,179   | \$ 79,436,769   | \$ 78,045,238   | \$ 80,216,612   | \$ 82,411,534   | \$ 85,696,713   | \$ 88,714,629   | \$ 87,781,340   | \$ 95,399,717   | \$ 102,596,109  |
| <b>Program Revenues</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Education charges for services.....   | \$ 1,772,918    | \$ 1,931,823    | \$ 2,107,151    | \$ 1,975,725    | \$ 2,068,233    | \$ 1,989,005    | \$ 1,969,243    | \$ 1,953,724    | \$ 2,110,824    | \$ 2,251,687    |
| Public works charges for services.....                                      | 55,561          | 40,441          | 1,385,721       | 21,373          | 132,668         | 497,826         | 590,965         | 654,143         | 660,659         | 670,351         |
| Culture and recreation charges for services.....                            | 439,177         | 455,492         | 588,397         | 392,099         | 429,036         | 408,533         | 401,894         | 435,018         | 434,336         | 447,629         |
| Other charges for services.....   | 1,871,175       | 2,062,647       | 737,027         | 1,550,241       | 2,097,650       | 2,205,136       | 2,130,181       | 3,032,230       | 3,387,990       | 3,152,396       |
| Operating grants and contributions.....                                     | 14,028,181      | 15,276,240      | 15,955,756      | 15,283,108      | 16,542,324      | 15,220,665      | 16,949,683      | 13,015,067      | 16,097,906      | 24,218,440      |
| Capital grant and contributions.....  | 220,938         | 367,699         | 2,346,192       | 1,956,834       | 1,612,713       | 958,424         | 1,344,565       | 4,496,678       | 7,304,433       | 13,532,885      |
| Total government activities program revenues.....                           | 18,387,950      | 20,134,342      | 23,120,244      | 21,179,380      | 22,882,624      | 21,279,589      | 23,386,531      | 23,586,860      | 29,996,148      | 44,273,388      |
| <b>Business-type activities:</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services - water.....   | 2,731,326       | 2,893,896       | 2,511,499       | 2,709,682       | 2,618,625       | 3,031,977       | 2,421,697       | 4,160,555       | 4,680,171       | 4,112,668       |
| Charges for services - sewer.....   | 1,077,791       | 2,385,755       | 1,602,906       | 1,643,983       | 1,682,559       | 1,778,510       | 1,732,988       | 1,386,987       | 2,096,817       | 2,069,025       |
| Charges for services - transfer station.....                                | 888,102         | 1,050,712       | 1,093,206       | 1,231,388       | 1,373,639       | 1,228,419       | 1,201,259       | 1,202,974       | 1,168,672       | 1,105,277       |
| Charges for services - golf.....  | 1,257,621       | 1,272,009       | 1,229,438       | 1,090,684       | 1,262,340       | 1,244,651       | 1,209,170       | 1,255,771       | 1,350,468       | 1,111,370       |
| Charges for services - waterways.....                                       | 792,831         | 955,841         | 1,007,672       | 1,074,928       | 993,395         | 977,575         | 1,036,067       | 1,043,816       | 1,119,575       | 1,182,537       |
| Operating grants and contributions.....                                     | 593,369         | 611,006         | 132,208         | 35,300          | 16,237          | 1,725           | 238,088         | 213,160         | 184,361         | 137,679         |
| Capital grant and contributions.....  | 7,997,012       | -               | 571,042         | 1,309,128       | 692,556         | 188,126         | 6,430,626       | 688,590         | 480,722         | -               |
| Total business-type activities program revenues.....                        | 15,418,052      | 9,169,219       | 8,147,971       | 9,095,093       | 8,639,351       | 8,450,983       | 14,269,895      | 9,951,853       | 11,080,786      | 9,718,556       |
| Total primary government program revenues.....                              | \$ 33,806,002   | \$ 29,303,561   | \$ 31,268,215   | \$ 30,274,473   | \$ 31,521,975   | \$ 29,730,572   | \$ 37,656,426   | \$ 33,538,713   | \$ 41,076,934   | \$ 53,991,944   |
| <b>Net (Expense)/Revenue</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities.....  | \$ (44,405,516) | \$ (50,688,319) | \$ (45,876,992) | \$ (50,106,228) | \$ (51,003,997) | \$ (56,138,976) | \$ (57,727,662) | \$ (55,486,901) | \$ (54,981,001) | \$ (48,814,491) |
| Business-type activities.....   | 6,844,339       | 555,111         | (900,031)       | 164,089         | 114,438         | 172,835         | 6,669,459       | 1,244,274       | 658,218         | 210,326         |
| Total primary government net expense.....                                   | \$ (37,561,177) | \$ (50,133,208) | \$ (46,777,023) | \$ (49,942,139) | \$ (50,889,559) | \$ (55,966,141) | \$ (51,058,203) | \$ (54,242,627) | \$ (54,322,783) | \$ (48,604,165) |
| <b>General Revenues and other</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Changes in Net Position</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Governmental activities:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | \$ 40,030,120   | \$ 41,719,348   | \$ 42,533,323   | \$ 43,632,211   | \$ 46,614,390   | \$ 48,002,624   | \$ 50,035,148   | \$ 51,463,244   | \$ 57,633,851   | \$ 60,149,945   |
| Motor vehicle and other excise taxes.....                                   | 2,282,228       | 2,130,682       | 2,145,931       | 2,305,255       | 2,328,915       | 2,530,107       | 2,818,956       | 3,026,616       | 3,198,586       | 3,357,113       |
| Community preservation taxes.....   | -               | -               | -               | 992,107         | 1,070,846       | 1,105,543       | 1,158,916       | 1,201,728       | 1,355,633       | 1,428,997       |
| Penalties and interest on taxes.....  | -               | 413,014         | 367,174         | 465,049         | 535,272         | 447,439         | 640,163         | 446,774         | 487,036         | 523,966         |
| Payments in lieu of taxes.....  | -               | -               | -               | -               | -               | -               | -               | 19,601          | 20,370          | 19,907          |
| Grants and contributions not restricted to<br>specific programs.....        | 2,654,850       | 2,278,639       | 1,738,954       | 1,803,153       | 1,799,495       | 1,806,527       | 1,933,158       | 1,938,534       | 2,305,361       | 2,279,401       |
| Unrestricted investment income.....   | 717,397         | 339,229         | 188,874         | 102,462         | 74,257          | 55,527          | 88,567          | 186,336         | 611,498         | 542,053         |
| Gain on sale of capital assets.....   | -               | -               | -               | 32,277          | 32,690          | -               | -               | -               | -               | -               |
| Miscellaneous.....  | 285,388         | 3,441           | -               | 219,218         | 284,355         | 576,098         | 679,700         | 311,551         | 71,543          | 119,997         |
| Transfers.....  | (544,339)       | (274,219)       | (249,436)       | (105,159)       | (69,231)        | (41,469)        | (57,239)        | (111,635)       | 71,426          | 136,396         |
| Total governmental activities.....  | 45,425,644      | 46,610,134      | 46,724,820      | 49,446,573      | 52,670,989      | 54,482,396      | 57,297,369      | 58,482,749      | 65,755,304      | 68,557,775      |
| <b>Business-type activities:</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Boat excise taxes.....  | n/a             | n/a             | n/a             | 43,153          | 41,136          | 36,042          | 39,821          | 40,363          | 40,695          | 39,761          |
| Tax liens.....  | -               | -               | -               | -               | -               | -               | -               | 42,128          | 57,333          | 77,800          |
| Unrestricted investment income.....   | -               | -               | -               | -               | -               | -               | -               | 25,952          | 66,569          | 89,895          |
| Transfers.....  | 544,339         | 274,219         | 249,436         | 105,159         | 69,231          | 41,469          | 57,239          | 111,635         | (71,426)        | (136,396)       |
| Total business-type activities.....   | 544,339         | 274,219         | 249,436         | 148,312         | 110,367         | 77,511          | 97,060          | 220,078         | 93,171          | 71,060          |
| Total primary government.....   | \$ 45,969,983   | \$ 46,884,353   | \$ 46,974,256   | \$ 49,594,885   | \$ 52,781,356   | \$ 54,559,907   | \$ 57,394,429   | \$ 58,702,827   | \$ 65,848,475   | \$ 68,628,835   |
| <b>Changes in Net Position</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities.....  | \$ 1,020,128    | \$ (4,078,185)  | \$ 847,828      | \$ (659,655)    | \$ 1,666,992    | \$ (1,656,580)  | \$ (430,293)    | \$ 2,995,848    | \$ 10,774,303   | \$ 19,743,284   |
| Business-type activities.....   | 7,388,678       | 829,330         | (650,595)       | 312,401         | 224,805         | 250,346         | 6,766,519       | 1,464,352       | 751,389         | 281,386         |
| Total primary government.....   | \$ 8,408,806    | \$ (3,248,855)  | \$ 197,233      | \$ (347,254)    | \$ 1,891,797    | \$ (1,406,234)  | \$ 6,336,226    | \$ 4,460,200    | \$ 11,525,692   | \$ 20,024,670   |

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

# **Fund Balances, Governmental Funds**

## **Last Ten Years**

|  | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved.....                                  | \$ 1,592,931         | \$ 979,933           | \$ 1,961,484         | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unreserved.....                                | 534,398              | 626,910              | 1,715,555            | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Restricted.....                                | -                    | -                    | -                    | 86,767               | 86,767               | 454,518              | 530,298              | 5,649,548            | 501,782              | 510,884              |
| Committed.....                                 | -                    | -                    | -                    | -                    | 327,128              | 959,038              | 1,936,899            | 2,083,919            | 2,547,389            | 3,255,428            |
| Assigned.....                                  | -                    | -                    | -                    | 1,260,786            | 1,255,617            | 1,308,703            | 1,025,883            | 1,662,421            | 949,163              | 1,360,521            |
| Unassigned.....                                | -                    | -                    | -                    | 5,276,801            | 6,863,867            | 6,645,152            | 6,966,806            | 6,646,114            | 7,701,937            | 8,486,498            |
| <b>Total general fund.....</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>\$ 16,042,002</b> | <b>\$ 11,700,271</b> | <b>\$ 13,613,331</b> |
| <b>All Other Governmental Funds</b>            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved.....                                  | \$ 10,938,194        | \$ 11,732,402        | \$ 9,362,759         | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unreserved, reported in:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds.....                     | 2,977,148            | 2,325,982            | 2,841,657            | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds.....                    | (594,121)            | (1,415,510)          | (1,661,998)          | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Permanent funds.....                           | 612,363              | 1,216,002            | 402,398              | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Nonspendable.....                              | -                    | -                    | -                    | 27,051               | 27,051               | 27,051               | 27,051               | 27,051               | 27,051               | 27,051               |
| Restricted.....                                | -                    | -                    | -                    | 11,925,417           | 14,708,235           | 17,065,311           | 15,336,177           | 81,168,008           | 67,934,831           | 27,684,536           |
| Unassigned.....                                | -                    | -                    | -                    | -                    | (851,672)            | (177,208)            | (144,534)            | (3,418)              | -                    | (4,749,946)          |
| <b>Total all other governmental funds.....</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> | <b>\$ 81,191,641</b> | <b>\$ 67,961,882</b> | <b>\$ 22,961,641</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**

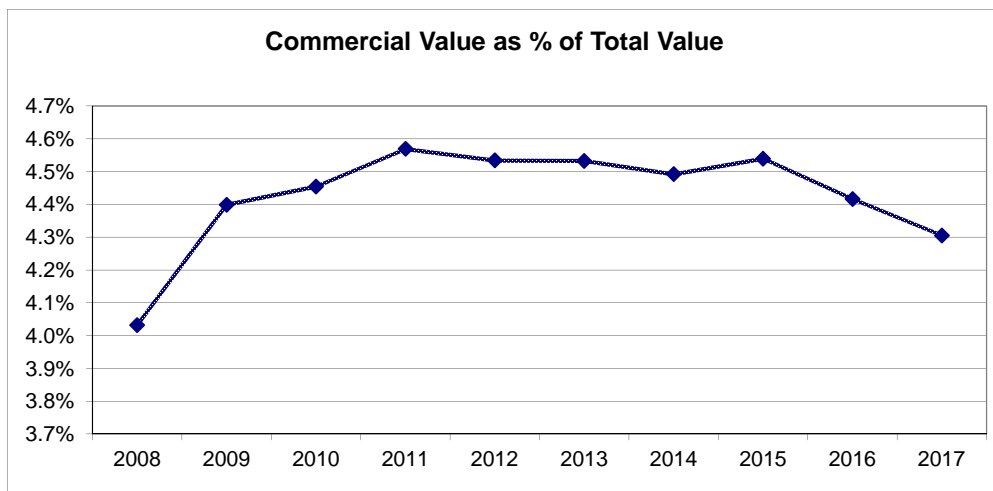
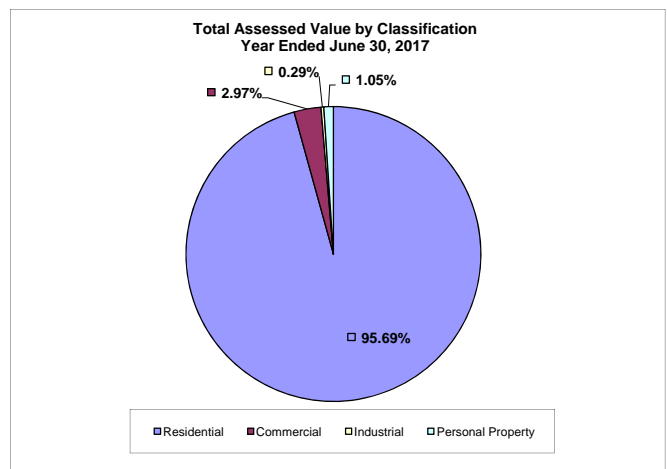
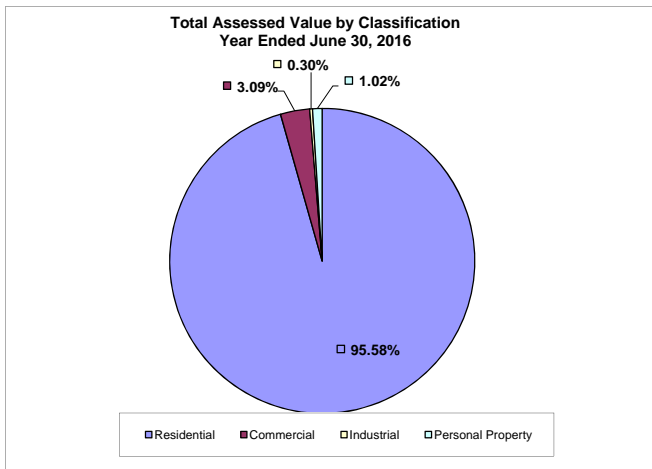
|   | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                 | 2016                   | 2017                   |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|------------------------|------------------------|
| <b>Revenues:</b>  |                     |                     |                     |                     |                     |                     |                     |                      |                        |                        |
| Real estate and personal property taxes,<br>net of tax refunds.....     | \$ 38,310,697       | \$ 40,825,496       | \$ 42,007,719       | \$ 43,516,682       | \$ 46,526,693       | \$ 47,666,579       | \$ 49,925,979       | \$ 51,176,629        | \$ 57,169,767          | \$ 59,718,484          |
| Tax liens.....  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 415,491              | 472,610                | 488,116                |
| Motor vehicle and other excise taxes.....                               | 2,325,182           | 2,153,281           | 2,125,130           | 2,283,729           | 2,329,038           | 2,449,218           | 2,837,763           | 3,025,388            | 3,188,658              | 3,350,152              |
| Penalties and interest.....   | 295,176             | 413,014             | 367,174             | 420,610             | 498,556             | 351,965             | 403,063             | 422,000              | 451,408                | 483,632                |
| Fees.....   | -                   | -                   | 139,064             | 197,399             | 204,034             | 1,338,592           | 419,408             | 504,848              | 547,967                | 526,908                |
| Licenses and permits.....   | 697,481             | 490,717             | 515,326             | 707,500             | 715,175             | 880,443             | 812,414             | 812,387              | 932,531                | 937,395                |
| Fines and forfeitures.....  | 67,496              | 80,288              | 131,502             | 103,033             | 80,716              | 95,779              | 99,660              | 68,513               | 76,842                 | 100,863                |
| Intergovernmental.....  | 16,602,433          | 17,473,280          | 19,475,135          | 17,824,475          | 20,153,547          | 17,685,685          | 19,680,358          | 18,044,124           | 25,491,847             | 40,191,793             |
| Departmental and other.....   | 3,305,664           | 3,903,905           | 3,995,975           | 3,853,829           | 4,248,297           | 3,742,481           | 4,650,874           | 5,066,629            | 5,221,152              | 5,184,107              |
| Community Preservation surtax.....                                      | 935,660             | 969,281             | 994,875             | 1,002,872           | 1,084,819           | 1,108,110           | 1,166,312           | 1,203,127            | 1,355,659              | 1,431,186              |
| Contributions.....  | 301,536             | 449,298             | 434,265             | 145,106             | 122,159             | 197,296             | 170,014             | 696,070              | 540,353                | 423,760                |
| Investment income.....  | 717,396             | 367,970             | 188,874             | 123,988             | 91,962              | 76,516              | 110,983             | 186,336              | 611,498                | 542,053                |
| <b>Total Revenues.....</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>81,621,542</b>    | <b>96,060,292</b>      | <b>113,378,449</b>     |
| <b>Expenditures:</b>  |                     |                     |                     |                     |                     |                     |                     |                      |                        |                        |
| General government.....   | 2,223,847           | 2,968,347           | 4,680,349           | 3,401,320           | 3,320,198           | 2,771,675           | 3,165,334           | 3,698,541            | 4,623,030              | 5,542,407              |
| Public safety.....  | 6,964,878           | 7,228,725           | 6,157,231           | 7,170,482           | 7,828,098           | 8,041,331           | 7,994,485           | 9,040,139            | 8,470,823              | 8,993,964              |
| Education.....  | 31,860,155          | 31,817,284          | 28,541,934          | 31,902,376          | 34,919,094          | 35,331,405          | 37,517,551          | 38,165,191           | 39,023,838             | 40,319,297             |
| Public works.....   | 2,845,676           | 4,611,800           | 4,375,481           | 3,166,808           | 2,416,924           | 4,200,037           | 3,412,676           | 4,488,000            | 4,280,588              | 4,141,093              |
| Human services.....   | 652,542             | 667,681             | 489,408             | 490,552             | 499,515             | 618,433             | 712,977             | 800,743              | 836,664                | 892,884                |
| Culture and recreation.....   | 1,264,025           | 1,668,981           | 1,641,171           | 1,388,571           | 1,425,568           | 1,494,656           | 1,533,887           | 1,535,932            | 1,711,110              | 1,413,092              |
| Community preservation.....   | 270,894             | 168,418             | 986,684             | 286,425             | 59,513              | 2,480               | 721,633             | 126,257              | 81,681                 | 130,627                |
| Pension benefits.....   | -                   | -                   | 9,397,998           | 9,953,489           | 10,171,678          | 10,963,813          | 11,179,729          | 8,032,901            | 10,521,634             | 13,067,450             |
| Employee benefits.....  | 12,812,347          | 13,813,269          | 5,289,402           | 5,653,254           | 5,876,878           | 5,795,367           | 5,671,426           | 6,080,414            | 6,519,284              | 6,519,284              |
| State and county charges.....   | 440,570             | 519,199             | 547,726             | 520,678             | 472,015             | 445,762             | 476,139             | 499,806              | 561,038                | 690,039                |
| Capital outlay.....   | 4,485,386           | 1,645,315           | 6,680,329           | 3,643,219           | 4,979,559           | 3,521,008           | 6,325,715           | 9,252,829            | 31,225,154             | 70,717,211             |
| Debt service:   |                     |                     |                     |                     |                     |                     |                     |                      |                        |                        |
| Principal.....  | 879,114             | 1,674,529           | 1,488,858           | 1,463,858           | 1,474,328           | 1,413,858           | 1,767,879           | 1,581,856            | 4,459,856              | 4,423,512              |
| Principal - current refunding.....                                      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 4,818,188            | 564,514                | -                      |
| Interest.....   | 662,856             | 663,957             | 692,885             | 771,919             | 579,727             | 488,798             | 584,080             | 533,531              | 2,835,437              | 3,285,814              |
| <b>Total Expenditures.....</b>  | <b>65,362,290</b>   | <b>67,447,505</b>   | <b>70,969,456</b>   | <b>69,812,951</b>   | <b>74,023,095</b>   | <b>75,088,623</b>   | <b>81,063,511</b>   | <b>88,331,301</b>    | <b>115,275,781</b>     | <b>160,136,674</b>     |
| Excess (deficiency) of revenues<br>over (under) expenditures.....       | (1,803,569)         | (320,975)           | (594,417)           | 366,272             | 2,031,901           | 504,041             | (786,683)           | (6,709,759)          | (19,215,489)           | (46,758,225)           |
| <b>Other Financing Sources (Uses):</b>                                  |                     |                     |                     |                     |                     |                     |                     |                      |                        |                        |
| Issuance from bonds and notes.....                                      | 5,338,500           | -                   | -                   | 3,245,470           | 1,859,021           | 3,403,000           | -                   | 68,258,000           | -                      | 3,500,000              |
| Issuance from refunding bonds.....                                      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 4,205,000            | 529,100                | -                      |
| Premium from issuance of bonds and notes.....                           | -                   | -                   | -                   | 148,644             | 18,480              | -                   | -                   | 5,300,269            | -                      | 34,648                 |
| Premium from issuance of refunding bonds.....                           | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 613,188              | 35,414                 | -                      |
| Capital lease financing.....  | -                   | -                   | -                   | -                   | -                   | -                   | 239,937             | -                    | 1,008,059              | -                      |
| Transfers in.....   | 1,594,015           | 700,000             | -                   | 1,691,667           | 932,770             | 940,174             | 1,814,552           | 2,131,049            | 7,492,109              | 1,442,237              |
| Transfers out.....  | (2,138,353)         | (974,218)           | 3,365,070           | (1,796,826)         | (1,002,001)         | (981,643)           | (1,871,791)         | (2,242,684)          | (7,420,683)            | (1,305,841)            |
| <b>Total other financing sources (uses).....</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>78,264,822</b>    | <b>1,643,999</b>       | <b>3,671,044</b>       |
| <b>Net change in fund balance.....</b>                                  | <b>\$ 2,990,593</b> | <b>\$ (595,193)</b> | <b>\$ 2,770,653</b> | <b>\$ 3,655,227</b> | <b>\$ 3,840,171</b> | <b>\$ 3,865,572</b> | <b>\$ (603,985)</b> | <b>\$ 71,555,063</b> | <b>\$ (17,571,490)</b> | <b>\$ (43,087,181)</b> |
| <b>Debt service as a percentage<br/>of noncapital expenditures.....</b> | <b>2.53%</b>        | <b>3.55%</b>        | <b>3.39%</b>        | <b>3.38%</b>        | <b>2.98%</b>        | <b>2.66%</b>        | <b>3.15%</b>        | <b>8.77%</b>         | <b>9.35%</b>           | <b>8.62%</b>           |

**Notes:**

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 2010, the Town reported fees with departmental and other revenues.  
Prior to 2015, the Town reported tax liens with real estate and personal property taxes, net of tax refunds.

**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 |
| 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                          | \$12.72              | \$126,075,000    | \$5,181,100      | \$40,087,220      | \$171,343,320          | \$12.72             | 4.5%                        | \$ 12.72          | \$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  |
| 2015 | (1) \$3,763,130,865                      | \$13.10              | \$125,426,835    | \$12,415,000     | \$41,124,550      | \$178,966,385          | \$13.10             | 4.5%                        | \$ 13.10          | \$3,942,097,250  |
| 2016 | \$3,901,948,229                          | \$14.14              | \$126,200,871    | \$12,415,000     | \$41,692,030      | \$180,307,901          | \$14.14             | 4.4%                        | \$ 14.14          | \$4,082,256,130  |
| 2017 | \$4,091,047,873                          | \$14.09              | \$126,931,317    | \$12,397,200     | \$44,743,570      | \$184,072,087          | \$14.09             | 4.3%                        | \$ 14.09          | \$4,275,119,960  |



(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.

The Town is not subject to any overlapping revenue rates.

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.



**Principal Taxpayers**

**Current Year and Nine Years Ago**

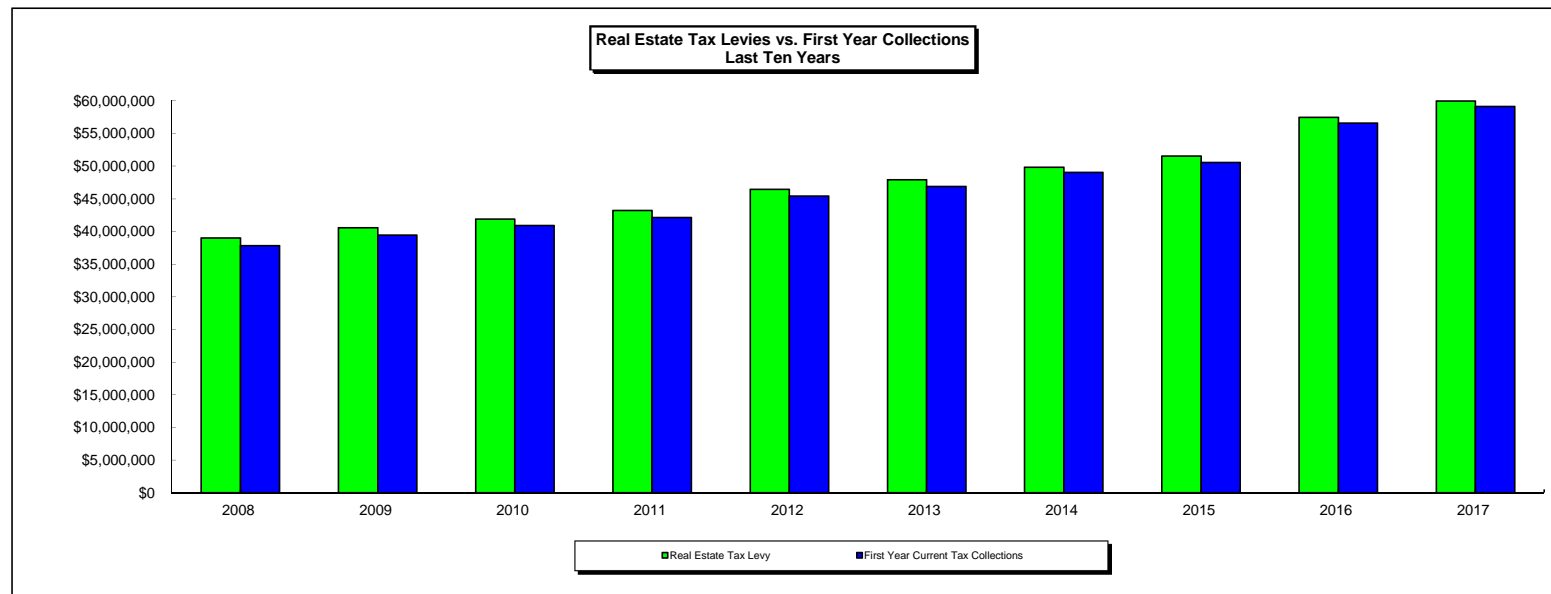
| Name                                     | Nature of Business | 2017               |      |  | 2008                 |      |  |
|--|--------------------|--------------------|------|--|----------------------|------|--|
|  |                    | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation   | Rank | Percentage of Total Taxable Assessed Value |
| Bay State Gas Company                    | Utility            | \$ 14,348,800      | 1    | 0.34%                                      | \$ 7,577,700         | 4    | 0.19%                                      |
| Massachusetts Electric Company           | Utility            | 11,440,700         | 2    | 0.27%                                      | 8,095,000            | 3    | 0.20%                                      |
| Abbott P M/Chamberlain Management        | Real Estate        | 7,892,040          | 3    | 0.18%                                      | 8,904,700            | 2    | 0.22%                                      |
| Kent Village Associates                  | Housing            | 5,726,100          | 4    | 0.13%                                      | 5,293,400            | 6    | 0.13%                                      |
| Scituate Solar LLC                       | Real Estate        | 5,449,600          | 5    | 0.13%                                      | -                    | -    | -  |
| Comcast of Massachusetts                 | Utility            | 4,975,300          | 6    | 0.12%                                      | -                    | -    | -  |
| Hatherly Country Club                    | Country Club       | 4,422,670          | 7    | 0.10%                                      | 3,483,730            | 10   | 0.09%                                      |
| South Shore Real Estate                  | Real Estate        | 4,194,200          | 8    | 0.10%                                      | -                    | -    | -  |
| Verizon New England Inc.                 | Utility            | 4,019,000          | 9    | 0.09%                                      | -                    | -    | -  |
| Suburban Realty Trust                    | Real Estate        | 3,993,100          | 10   | 0.09%                                      | 4,470,500            | 8    | 0.11%                                      |
| Harborside Village Inc.                  | Mobile Homes       | -                  | -    | -  | 10,038,800           | 1    | 0.25%                                      |
| First Parish Road Co                     | Real Estate        | -                  | -    | -  | 5,601,400            | 5    | 0.14%                                      |
| HCRI Massachusetts Property Inc.,. Trust | Nursing Home       | -                  | -    | -  | 4,753,900            | 7    | 0.12%                                      |
| Rolling Lakes II LLC                     | Real Estate        | -                  | -    | -  | 3,624,600            | 9    | 0.09%                                      |
| <b>Totals \$</b>                         |                    | <u>66,461,510</u>  |      | <u>1.55%</u>                               | <u>\$ 61,843,730</u> |      | <u>1.52%</u>                               |

Source: Official Statements, Town of Scituate

# 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 |
|----------|----------------|------------------------------|--------------|-------------------|------------------------------------|-------------------------------|----------------------------|-----------------------|--|
| 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%                        | \$543,692                  | \$47,426,272          | 98.93%   |
| 2014     | \$49,937,279   | \$114,882                    | \$49,822,397 | 99.77%            | \$49,062,343                       | 98.47%                        | \$466,423                  | \$49,528,766          | 99.41%   |
| 2015 (1) | \$51,671,474   | \$112,627                    | \$51,558,847 | 99.78%            | \$50,540,571                       | 98.03%                        | \$449,771                  | \$50,990,342          | 98.90%   |
| 2016     | \$57,723,102   | \$275,943                    | \$57,447,159 | 99.52%            | \$56,591,303                       | 98.51%                        | \$593,285                  | \$57,184,588          | 99.54%   |
| 2017     | \$60,236,440   | \$250,001                    | \$59,986,439 | 99.58%            | \$59,115,718                       | 98.55%                        | \$0                        | \$59,115,718          | 98.55%   |



(1) Revaluation year.

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

# Ratios of Outstanding Debt by Type

## Last Ten Years

| Year | Governmental Activities      |                | Business-type Activities     |                | Total Debt Outstanding | Percentage of Personal Income (2) | U. S. Census Population | Debt Per Capita |
|------|------------------------------|----------------|------------------------------|----------------|------------------------|-----------------------------------|-------------------------|-----------------|
|      | General Obligation Bonds (1) | Capital Leases | General Obligation Bonds (1) | Capital Leases |                        |                                   |                         |                 |
| 2008 | \$ 16,260,097                | \$ -           | \$ 31,580,104                | \$ 206,854     | \$ 48,047,055          | 5.92%                             | 18,538                  | \$ 2,592        |
| 2009 | 14,585,568                   | -              | 29,467,207                   | 166,190        | 44,218,965             | 5.79%                             | 18,313                  | 2,415           |
| 2010 | 16,829,570                   | -              | 30,117,542                   | 134,305        | 47,081,417             | 5.75%                             | 18,297                  | 2,573           |
| 2011 | 14,878,322                   | -              | 31,721,353                   | 116,999        | 46,716,674             | 5.38%                             | 17,985                  | 2,598           |
| 2012 | 15,263,015                   | -              | 30,443,774                   | 65,028         | 45,771,817             | 5.07%                             | 18,234                  | 2,510           |
| 2013 | 17,252,157                   | -              | 33,747,274                   | 70,717         | 51,070,148             | 5.45%                             | 18,648                  | 2,739           |
| 2014 | 15,484,278                   | 206,248        | 30,557,908                   | 91,624         | 46,340,058             | 4.77%                             | 18,847                  | 2,459           |
| 2015 | 87,553,879                   | 176,890        | 42,946,188                   | 127,924        | 130,804,881            | 12.96%                            | 18,847                  | 6,940           |
| 2016 | 82,697,642                   | 1,036,495      | 38,750,175                   | 156,270        | 122,640,582            | 11.71%                            | 18,535                  | 6,617           |
| 2017 | 76,226,155                   | 789,204        | 33,680,877                   | 140,265        | 110,836,501            | 10.20%                            | 18,515                  | 5,986           |

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

# Ratios of General Bonded Debt Outstanding

## Last Ten Years

| Year | General<br>Obligation<br>Bonds (1) | Less: Amounts<br>Available in Debt<br>Service Fund | Total         | Percentage of<br>Estimated Actual<br>Taxable Value<br>of Property (2) | Per<br>Capita (3) |
|------|------------------------------------|--|---------------|---|-------------------|
| 2008 | \$ 47,840,201                      | \$ -   | \$ 47,840,201 | 1.13%   | \$ 2,581          |
| 2009 | 44,052,775                         | -  | 44,052,775    | 1.05%   | 2,406             |
| 2010 | 46,947,112                         | -  | 46,947,112    | 1.18%   | 2,566             |
| 2011 | 46,599,675                         | -  | 46,599,675    | 1.21%   | 2,591             |
| 2012 | 45,706,789                         | -  | 45,706,789    | 1.21%   | 2,507             |
| 2013 | 50,999,431                         | -  | 50,999,431    | 1.35%   | 2,735             |
| 2014 | 46,042,186                         | -  | 46,042,186    | 1.20%   | 2,443             |
| 2015 | 130,500,067                        | -  | 130,500,067   | 3.31%   | 6,924             |
| 2016 | 121,447,817                        | -  | 121,447,817   | 2.98%   | 6,552             |
| 2017 | 109,907,032                        | -  | 109,907,032   | 2.57%   | 5,936             |

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) Property value data is disclosed on the Schedule of Assessed Value of Taxable Property by Classification and Tax Rates.

(3) Population data is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

| <u>Town of Scituate, Massachusetts</u>                                    | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt and<br/>Direct Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes:  |                             |  |  |
| Plymouth County.....\$  | 1,925,000                   | 6.05%  | \$ 116,463   |
| Massachusetts Bay Transportation Authority.....                           | 5,311,931,000               | 0.076%   | 4,037,068  |
| South Shore Regional Vocational Technical<br>School District (SSRSD)..... | 575,000                     | 7.58%  | <u>43,585</u>  |
| Estimated share of overlapping debt.....                                  |                             |  | 4,197,115  |
| Town direct debt.....   |                             |  | <u>77,015,359</u>  |
| Total direct and overlapping debt.....                                    |                             |  | <u>\$ 81,212,474</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**

|   | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Equalized Valuation.....  | \$ 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 | \$ 4,103,767,600 | \$ 4,103,767,600 | \$ 4,436,619,600 |
| Debt Limit -5% of Equalized Valuation.....                              | \$ 228,751,680   | \$ 228,751,680   | \$ 216,337,690   | \$ 216,337,690   | \$ 206,895,310   | \$ 206,895,310   | \$ 205,188,380   | \$ 205,188,380   | \$ 205,188,380   | \$ 221,830,980   |
| Less:   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Outstanding debt applicable to limit.....                               | 47,840,201       | 44,052,776       | 40,378,637       | 46,445,430       | 42,612,765       | 50,875,921       | 34,685,631       | 52,276,219       | 47,277,578       | 46,005,123       |
| Authorized and unissued debt.....                                       | 10,168,525       | 20,793,525       | 25,765,797       | 18,003,396       | 18,198,557       | 6,072,096        | 11,247,288       | 71,060,704       | 44,925,917       | 31,849,339       |
| Legal debt margin.....  | \$ 170,742,954   | \$ 163,905,379   | \$ 150,193,256   | \$ 151,888,864   | \$ 146,083,988   | \$ 149,947,293   | \$ 159,255,461   | \$ 81,851,457    | \$ 112,984,885   | \$ 143,976,518   |
| Total debt applicable to the limit<br>as a percentage of the limit..... | 25.36%           | 28.35%           | 30.57%           | 29.79%           | 29.39%           | 27.53%           | 22.39%           | 60.11%           | 44.94%           | 35.10%           |

Source: Town Accountant's Office, Town of Scituate

## Demographic and Economic Statistics

### Last Ten Years

| Year | Population<br>Estimates | Personal<br>Income | Per<br>Capita<br>Personal<br>Income | Median<br>Age | School<br>Enrollment | Unemployment<br>Rate |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|----------------------|
| 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 | 18,847                  | 971,987,794        | 51,573                              | 45            | 3,122                | 5.20%                |
| 2015 | 18,847                  | 1,008,923,330      | 53,532                              | 45            | 3,097                | 4.50%                |
| 2016 | 18,535                  | 1,047,262,416      | 56,502                              | 48            | 3,094                | 2.50%                |
| 2017 | 18,515                  | 1,087,058,388      | 58,712                              | 55            | 3,005                | 4.10%                |

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   | 2017          |      |                                     | 2008         |      |                                     |
|----------------------|----------------------|---------------|------|-------------------------------------|--------------|------|-------------------------------------|
|                      |                      | Employees     | Rank | Percentage of Total Town Employment | Employees    | Rank | Percentage of Total Town Employment |
| Town of Scituate     | Municipal Government | 1,225         | 1    | 12.80%                              | 1,181        | 1    | 12.32%                              |
| Life Care Center     | Nursing Home         | 185           | 2    | 1.93%                               | 135          | 2    | 1.41%                               |
| Scituate Marketplace | Supermarket          | less than 100 | 3    | 1.04%                               | 120          | 3    | 1.25%                               |
| Total                |                      | <u>1,410</u>  |      | <u>15.77%</u>                       | <u>1,436</u> |      | <u>14.98%</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>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function                    |             |             |             |             |             |             |             |             |             |             |
| General government.....     | 26          | 26          | 26          | 26          | 28          | 28          | 30          | 31          | 32          | 34          |
| Police.....                 | 38          | 38          | 35          | 35          | 33          | 33          | 33          | 34          | 35          | 35          |
| Fire.....                   | 55          | 57          | 53          | 52          | 53          | 53          | 53          | 53          | 55          | 55          |
| Education.....              | 402         | 412         | 388         | 365         | 376         | 379         | 396         | 466         | 455         | 450         |
| Water.....                  | 11          | 13          | 12          | 11          | 12          | 12          | 12          | 13          | 14          | 14          |
| Sewer.....                  | 7           | 9           | 7           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| Solid waste.....            | 5           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Public works.....           | 25          | 28          | 25          | 24          | 25          | 25          | 23          | 27          | 27          | 27          |
| Human services.....         | 8           | 8           | 7           | 7           | 8           | 8           | 8           | 9           | 10          | 10          |
| Culture and recreation..... | 26          | 25          | 24          | 24          | 23          | 22          | 22          | 22          | 22          | 22          |
| Total .....                 | <u>602</u>  | <u>619</u>  | <u>580</u>  | <u>555</u>  | <u>568</u>  | <u>572</u>  | <u>589</u>  | <u>667</u>  | <u>662</u>  | <u>659</u>  |

Source: Town personnel records and various Town departments.

## Operating Indicators by Function/Program

### Last Ten Years

| Function/Program                              | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Government                            |         |         |         |         |         |         |         |         |         |         |
| Population.....                               | 18,538  | 18,313  | 18,297  | 17,985  | 18,234  | 18,648  | 18,847  | 18,847  | 18,535  | 18,515  |
| Registered voters, annual town election.....  | 12,680  | 13,121  | 12,924  | 13,048  | 13,827  | 13,941  | 13,961  | 14,170  | 14,117  | 14,629  |
| Town Clerk                                    |         |         |         |         |         |         |         |         |         |         |
| Births.....                                   | 126     | 131     | 140     | 145     | 167     | 161     | 152     | 172     | 118     | 193     |
| Marriages.....                                | 59      | 68      | 49      | 54      | 74      | 78      | 70      | 56      | 63      | 72      |
| Deaths.....                                   | 185     | 193     | 200     | 219     | 176     | 167     | 174     | 207     | 130     | 205     |
| Police  |         |         |         |         |         |         |         |         |         |         |
| MV Accidents investigated by an officer.....  | 211     | 211     | 199     | 232     | 251     | 232     | 252     | 287     | 266     | 259     |
| Citations issued.....                         | 927     | 1,206   | 903     | 851     | 712     | 808     | 904     | 199     | 182     | 266     |
| Arrests.....                                  | 280     | 411     | 395     | 382     | 285     | 290     | 314     | 241     | 248     | 265     |
| Total Incidents.....                          | 14,374  | 14,554  | 14,688  | 14,852  | 14,268  | 16,480  | 17,850  | 16,074  | 20,548  | 21,337  |
| Fire  |         |         |         |         |         |         |         |         |         |         |
| Permits/certificate issued.....               | 1,487   | 1,175   | 1,015   | 1,015   | 942     | 1,289   | 1,228   | 1,270   | 1,080   | 958     |
| False alarm.....                              | 250     | 256     | 290     | 333     | 292     | 342     | 325     | 346     | 448     | 336     |
| Fires.....                                    | 92      | 68      | 104     | 75      | 118     | 82      | 88      | 79      | 66      | 81      |
| Rescue/EMS incidents.....                     | 1,810   | 1,823   | 1,928   | 1,895   | 1,823   | 1,981   | 1,925   | 1,880   | 1,841   | 1,896   |
| Total Incidents.....                          | 2,755   | 2,735   | 2,846   | 2,986   | 2,928   | 3,256   | 2,963   | 3,017   | 3,140   | 3,075   |
| Building Department                           |         |         |         |         |         |         |         |         |         |         |
| Building permits issued.....                  | 629     | 625     | 604     | 797     | 789     | 869     | 822     | 926     | 947     | 920     |
| Gas & Plumbing permits issued.....            | 694     | 654     | 688     | 763     | 785     | 1,098   | 1,046   | 892     | 884     | 821     |
| Electrical permits issued.....                | 594     | 540     | 554     | 589     | 606     | 814     | 844     | 648     | 762     | 669     |
| Education                                     |         |         |         |         |         |         |         |         |         |         |
| Public school enrollment.....                 | 3,440   | 3,247   | 3,277   | 3,286   | 3,276   | 3,286   | 3,122   | 3,097   | 3,094   | 3,005   |
| High school graduates.....                    | 231     | 189     | 174     | 175     | 208     | 206     | 185     | 205     | 215     | 236     |
| Public Works                                  |         |         |         |         |         |         |         |         |         |         |
| Water   |         |         |         |         |         |         |         |         |         |         |
| Service connections.....                      | 7,503   | 7,541   | 7,573   | 7,624   | 7,641   | 7,636   | 7,659   | 7,721   | 7,728   | 7,753   |
| Consumption in millions of gallons.....       | 648     | 679     | 638     | 549     | 516     | 545     | 552     | 452     | 455     | 458     |
| Daily consumption in millions of gallons..... | 1.78    | 1.86    | 1.75    | 1.50    | 1.41    | 1.49    | 1.51    | 1.24    | 1.25    | 1.35    |
| Highway                                       |         |         |         |         |         |         |         |         |         |         |
| Miles of public road.....                     | 100     | 101     | 101     | 101     | 101     | 101     | 101     | 103     | 103     | 103     |
| Human Services                                |         |         |         |         |         |         |         |         |         |         |
| Board of Health                               |         |         |         |         |         |         |         |         |         |         |
| Inspections.....                              | 577     | 527     | 609     | 612     | 549     | 549     | 590     | 577     | 724     | 877     |
| Sewage Permits.....                           | 149     | 120     | 99      | 106     | 85      | 85      | 69      | 91      | 228     | 195     |
| Council on Aging                              |         |         |         |         |         |         |         |         |         |         |
| Total Rides .....                             | 7,330   | 6,406   | 6,406   | 6,757   | 6,860   | 6,845   | 6,542   | 6,976   | 6,839   | 6,731   |
| Library                                       |         |         |         |         |         |         |         |         |         |         |
| Circulation.....                              | 256,930 | 285,866 | 273,484 | 279,607 | 262,136 | 250,194 | 236,357 | 243,490 | 219,942 | 216,767 |
| Visitors.....                                 | 115,411 | 126,952 | 140,155 | 155,544 | 153,247 | 138,640 | 140,109 | 155,000 | n/a     | 88,610  |
| Volunteer hours of service.....               | 652     | 717     | 1,872   | 1,673   | 1,369   | 1,178   | 770     | 570     | 281     | 350     |

Source: Various Town Departments & annual reports

### Capital Asset Statistics by Function/Program

#### Last Ten Years

| <u>Function/Program</u>             | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</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           | 1           | 1           | 1           |

Source: Various Town Departments

\* Fire Station #3 and the police station were combined in a public safety complex which opened March 2017.



### America's Cup

A 138' wooden replica of the 1851 *America* sailed into Scituate Harbor in July 2016 as part of its America's Cup Tour.