

OFFICIAL STATEMENT DATED MARCH 15, 2016

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

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds 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  
\$3,805,000 GENERAL OBLIGATION REFUNDING BONDS

DATED  
Date of Delivery

DUE  
March 1  
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in denominations of \$5,000, or any integral multiple thereof. (See "Book-Entry-Transfer System" herein.)

Principal of the Bonds will be payable March 1 of the years in which the Bonds mature. Interest on the Bonds will be payable March 1 and September 1 of each year, commencing September 1, 2016. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are not subject to redemption prior to their stated maturity dates.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Scituate, Massachusetts (the "Town"), and, except to the extent they are paid by other available moneys, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property on this Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Due March 1	Principal Amount	Interest Rate	Yield	Cusip 809095
2017	\$ 460,000	4.00 %	0.50 %	WN8
2018	455,000	4.00	0.67	WP3
2019	455,000	4.00	0.84	WQ1
2020	450,000	4.00	1.01	WR9
2021	445,000	4.00	1.16	WS7
2022	445,000	4.00	1.34	WT5
2023	445,000	4.00	1.50	WU2
2024	430,000	2.00	1.68	WV0
2025	220,000	2.00	1.82	WW8

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, Boston, Massachusetts has acted as Financial Advisor to the Town, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about March 30, 2016, against payment to the Town in federal funds.

RAYMOND JAMES AND ASSOCIATES INC.

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

## SUMMARY STATEMENT

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

Date of Sale: Tuesday, March 15, 2016, 12:00 P.M. (Eastern Daylight Time).

Location of Sale: FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest" see "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc." herein), 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Scituate, Massachusetts.

Issue: \$3,805,000 General Obligation Refunding Bonds, see "THE BONDS Book-Entry-Transfer System" herein.

Official Statement Dated: March 15, 2016.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially March 1, 2017 through March 1, 2025, as detailed herein.

Interest Payable: March 1 and September 1 of each year, commencing September 1, 2016.

Purpose and Authority: Bond proceeds will be used to refund general obligation bonds originally issued March 1, 2005 as detailed herein. See "Authorization of the Bonds and Use of Proceeds."

Redemption: The Bonds are not subject to redemption prior to their stated maturity dates.

Security: The Bonds will be general obligations of the Town of Scituate and, except to the extent they are paid from any other available moneys, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

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

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

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **Bids must include a premium of at least \$65,000.**

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

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

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

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

Verification Agent: Grant Thornton LLP, Minneapolis, Minnesota.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts.

Financial Advisor: FirstSouthwest, Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about March 30, 2016, against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Ms. Pamela J. Avitabile, Treasurer, Town of Scituate, Massachusetts telephone (781) 545-8720 or Peter Frazier, Managing Director, FirstSouthwest, Boston, Massachusetts Telephone (617) 619-4409.

**NOTICE OF SALE**

**TOWN OF SCITUATE, MASSACHUSETTS**

**\$3,790,000\* GENERAL OBLIGATION REFUNDING BONDS**

The Town of Scituate, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 12:00 P.M., Eastern Time, Tuesday, March 15, 2016, for the purchase of the following described General Obligation Refunding Bonds of the Town (the "Bonds"):

\$3,790,000\* General Obligation Refunding Bonds payable March 1 of the years and in the amounts as follows:

Due March 1	Principal Amount*
2017	\$ 480,000
2018	470,000
2019	455,000
2020	450,000
2021	445,000
2022	435,000
2023	435,000
2024	415,000
2025	205,000

\*Preliminary, subject to change.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on March 1 of the years in which the Bonds mature. Interest will be payable on March 1 and September 1 of each year, commencing September 1, 2016.

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

The original Bonds to be immobilized at DTC will be prepared under the supervision of FirstSouthwest, Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge to such purchaser.

The Bonds are not be subject to redemption prior to maturity.

**Bidding Parameters**

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent, and **(c) any coupon in excess of 4.0%. No bid of less than par plus a premium of at least \$65,000 will be accepted.**

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

**The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedules for the Bonds after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (a) produce**

sufficient funds to effect the refunding to be undertaken by the issuance of the Bonds after taking into account the premium received by the Town and the actual investment yield at which the proceeds of such portion of the Bonds are to be invested and (b) account for any changes in the bonds to be refunded with proceeds of the Bonds based on the actual debt service savings to be realized by the Town. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid for a series of the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid, nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder by 4 P.M. on the day of the sale.

Bids must be submitted either:

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

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

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

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

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated March 9, 2016, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Treasurer to the effect that, to the best of her knowledge and belief of the signer thereof, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of March 15, 2016 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated March 9, 2016.

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

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated March 9, 2016, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from FirstSouthwest, 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 20 copies of the Final Official Statement will be available from FirstSouthwest to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

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

The Bonds in definitive form will be delivered to DTC or its custodial agent on or about March 30, 2016 for settlement in federal funds.

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TOWN OF SCITUATE, MASSACHUSETTS  
/s/ Pamela J. Avitabile, Treasurer/Collector

March 9, 2016

## OFFICIAL STATEMENT

### TOWN OF SCITUATE, MASSACHUSETTS

#### \$3,805,000 GENERAL OBLIGATION REFUNDING BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Scituate, Massachusetts (the "Town") in connection with the sale of \$3,805,000 stated principal amount of its General Obligation Refunding Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

#### THE BONDS

##### Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016. The Bonds shall mature on March 1 of the years and in the principal amounts as set forth on the first page of this Official Statement.

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

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

The Bonds are not subject to redemption prior to their stated maturity dates.

##### Record Date

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

##### Book-Entry Transfer System

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

DTC, the world's largest 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 is rated AA+ by Standard & Poor's. 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by 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 by 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 securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; 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 securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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



**Authorization of the Bonds and Use of Proceeds**

<u>This Issue</u>	<u>Purpose</u>	<u>M.G.L. Chapter Reference, Ch. 44,</u>
3,805,000	Refunding	21A
<u>\$ 3,805,000</u>	Total	

The Bond proceeds will be used to current refund a portion of the Town \$11,906,000 General Obligation Bonds dated March 1, 2005, maturing in the years 2017 through 2025, in the aggregate principal amount of \$4,370,000 (the "Refunded Bonds") and to pay costs of issuing the Bonds.

**Plan of Refunding**

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

**Verification of Mathematical Computations**

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

**Sources and Uses of Bond Proceeds**

Proceeds of the Bonds will be applied as follows:

Sources:	
Par Amount of the Bonds	\$ 3,805,000.00
Premium	350,193.60
Cash Contribution	326,725.06
Total Sources	<u>\$ 4,481,918.66</u>
Uses:	
Deposit to Refunding Escrow Fund	\$ 4,078,559.78
Purchaser's Discount	10,654.00
Cash Contribution	326,725.06
Costs of Issuance	65,979.82
Total Uses	<u>\$ 4,481,918.66</u>

## Tax Exemption

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

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

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences or as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

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

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

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

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or

future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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

## **Security and Remedies**

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

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "INDEBTEDNESS-Authorization Procedures and Limitations" 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 purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city

or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-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 (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by The Commonwealth of Massachusetts (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 currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

## **Opinion of Bond Counsel**

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

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

## **Rating**

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

## **Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.**

First Southwest Company, LLC ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm's municipal advisory business will continue to operate as FirstSouthwest, a Division of Hilltop Securities Inc.

FirstSouthwest, Boston, Massachusetts serves as financial advisor to the Town of Scituate, Massachusetts.

## **Continuing Disclosure**

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

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

# THE TOWN OF SCITUATE

## General

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

## Local Government

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

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

## Principal Executive Officers

The principal executive officers of the Town are as follows:

<u>Office</u>	<u>Name</u>	<u>Term and Manner of Selection</u>	<u>Expiration of Term</u>
Selectmen	Anthony Vegnani, Chairman	Elected - 3-year term	2017
	Shawn Harris	Elected – 3-year term	2017
	Martin O'Toole	Elected - 3-year term	2016
	John F. Danehey	Elected - 3-year term	2016
	Maura Curran	Elected – 3-year term	2018
Town Administrator	Patricia A. Vinchesi	Appointed	Indefinite
Treasurer/Collector	Pamela Avitabile	Appointed	2016
Finance Director/ Accountant	Nancy Holt	Appointed	2017
Town Clerk	Kathleen Curran	Elected - 3 year term	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 ongoing and will be complete in calendar 2015. Phase III engineering and design will take place in the fall/summer of calendar 2015 and construction in the spring of calendar 2017.

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

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

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

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

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

**Education**

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

	Average Annual Enrollments (1)				
	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Pre-K	73	78	69	72	68
Grades K/6	1,813	1,764	1,670	1,628	1,630
Grades 7/8	523	567	510	485	493
Grades 9/12	863	873	871	912	903
Ungraded	<u>4</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>
Total	<u>3,276</u>	<u>3,286</u>	<u>3,122</u>	<u>3,097</u>	<u>3,094</u>

(1) As of October 1 each school year.

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

	Projected Annual Enrollments	
	<u>2016/17</u>	<u>2017/18</u>
Pre-K	72	72
Grades K/6	1,449	1,455
Grades 7/8	521	521
Grades 9/12	902	902
Ungraded	<u>0</u>	<u>0</u>
Total	<u>2,944</u>	<u>2,950</u>

Source: Superintendent of Schools.

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

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

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

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

Source: Town Clerk.

**Age, Income and Wealth Levels**

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

Source: U.S. Bureau of the Census.

**Largest Employers**

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

**Building Permits**

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

<u>Fiscal Year</u>	<u>New Construction</u>		<u>Additions/Alterations</u>		<u>Total</u>	
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
2015	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 (1)	52	14,888,035	719	15,146,040	771	30,034,075
2012	37	10,597,458	661	14,867,844	698	25,465,302
2011	14	4,161,100	543	18,144,658	557	22,305,758

Source: Building Commissioner.

(1) 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:

<u>DEVELOPMENT</u>	<u>UNITS/COMMERCIAL SPACE APPROVED</u>	<u>CONSTRUCTION STATUS</u>	<u>% COMPLETE</u>
Riverway Condominiums (60 New Driftway)	24 condominiums and commercial building with 2 rental apts approved	24 condominiums built 24 CO's issued – comm'l bldg not complete	85%
Village at South River (Central Ave.)	14 condominiums, 1 affordable off site unit and 16 slip marina approved	14 condominiums permitted, affordable unit permit issued, 13 CO's issued and marina complete	95%
Stockbridge Landing (formerly Stockbridge Woods) (96 Stockbridge Rd.)	74 rental apts approved (40B development)	Site work has started	15% complete
275/277 Chief Justice Cushing Highway	2 lot common driveway approved	2 homes permitted, 1 CO issued some minor site work remaining	99% complete
Whitcomb Pines (Alexander Dr., Kyle Path)	40 condominiums approved (40B development)	40 condominiums permitted and 39 CO's issued	95% complete
Walden Woods	28 condominiums approved (40B development)	28 permits issued, 19 CO's issued	75% complete
556/562 First Parish Rd.	3 lot common driveway, 2 new homes approved	2 homes built, 2 CO's issued some minor site work remaining	99% complete
Deer Common (530 Chief Justice Cushing Highway)	12 lot subdivision approved, 10 single family homes and 2 duplexes	Road base, drainage & utilities installed - Lots released for construction, 3 permits issued, 1 CO issued	33% complete
35 Dreamwold Rd	3 lot subdivision approved Form A Lot	1 permit issued	30% complete
The Glen (Kevin's Way)	10 lot subdivision (duplexes)	Some site work completed, new owner to build as 10 condominiums	25% complete
Benjamin Studley Farm (214 Clapp Rd)	9 lot subdivision	Road base, drainage & utilities mostly installed. Lots released for construction, 1 permit issued	30% complete
543/543R Country Way	2 lot common driveway	Approved, renovation of antique house on first lot done. Common driveway complete	60% complete
Blanchard Farm Estates (40 Curtis St)	11 lot subdivision; 9 lots approved	Road base, drainage & utilities installed. 8 permits issued, 2 CO's issued	55% complete
White Ash Farm (305 Country Way)	3 lot subdivision	Roadway work largely completed. 1 permit and 1 CO issued, 2 additional lots released.	35% complete
50 Country Way Greenbush Station	Mixed use development; includes 6,400 sq. ft. office, 2,200 sq. ft. retail, 30 residential units	Approved; no work started	N/A
Aquinnah Way	2 lots approved; stormwater Permit issued	Approved, 2 permits issued	30% Complete
Ingrid Lane	Def plan for 2 lots approved	Drainage and road mostly done. 2 permits and 1 CO Issued	60% 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 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Gross Amount to be Raised:					
Appropriations	\$ 89,970,851	\$ 78,467,790	\$ 76,364,245	\$ 71,876,401	\$ 71,405,054
Other Local Expenditures	1,190,344	31,658	43,495	28,230	28,385
State & County Charges	530,824	477,839	463,691	491,928	498,028
Overlay Reserve	275,943	275,000	220,000	219,170	250,000
<b>Total Gross Amount to be Raised</b>	<b>91,967,963</b>	<b>79,252,287</b>	<b>77,091,431</b>	<b>72,615,729</b>	<b>72,181,467</b>
Offsets:					
Estimated Receipts - State	7,245,208	7,085,154	6,958,087	6,791,545	6,541,049
Estimated Receipts - Local	21,190,323	17,627,902	16,352,216	15,566,947	17,561,858
Appropriated:					
Free Cash	2,730,410	2,081,239	2,287,431	1,147,091	936,232
Other Available Funds	3,078,920	816,518	1,556,418	1,027,990	470,001
Free Cash & Other Revenue Used to Reduce the Tax Rate	-	-	-	-	-
<b>Total Offsets</b>	<b>34,244,861</b>	<b>27,610,813</b>	<b>27,154,152</b>	<b>24,533,573</b>	<b>25,509,140</b>
<b>Net Amount to be Raised (Tax Levy)</b>	<b>\$ 57,723,102</b>	<b>\$ 51,641,474</b>	<b>\$ 49,937,279</b>	<b>\$ 48,082,156</b>	<b>\$ 46,672,324</b>
Property Valuation	\$ 4,082,256,130	\$ 3,942,097,250	\$ 3,826,611,930	\$ 3,780,043,710	\$ 3,782,198,290
Tax Rate per \$1,000 (1)	\$ 14.14	\$ 13.10	\$ 13.05	\$ 12.72	\$ 12.34

Source: Board of Assessors.

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

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

## Valuations and Tax Levies

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

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

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

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

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

Fiscal Year	Assessed Valuations (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
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
2013	3,739,956,490	40,087,220	3,780,043,710	4,137,906,200	91.4
2012	3,742,889,490	39,308,800	3,782,198,290	4,326,753,800	87.4

(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 2016		Fiscal 2015		Fiscal 2014	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 3,901,948,229	95.6 %	\$ 3,763,130,865	95.5 %	\$ 3,654,706,380	95.5 %
Commercial	126,200,871	3.1	125,426,835	3.2	125,105,420	3.3
Industrial	12,415,000	0.3	12,415,000	0.3	9,112,700	0.2
Personal	41,692,030	1.0	41,124,550	1.0	37,686,890	1.0
Total	\$ 4,082,256,130	100.0 %	\$ 3,942,097,250	100.0 %	\$ 3,826,611,390	100.0 %

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 2016, all of whom are current in their tax payments:

<u>Name</u>	<u>Type of Business</u>	<u>Total Assessed Valuation for Fiscal 2016</u>	<u>Fiscal 2016 Tax Levy</u>	<u>% of Total Net Levy</u>
Bay State Gas Company	Utility	\$ 12,859,140	\$ 181,828	0.32 %
Massachusetts Electric Company	Utility	10,837,640	153,244	0.27
Abbott P M/Chamberlain Mng Co.	Real Estate	7,811,350	110,452	0.19
Kent Village Associates	Housing	5,726,100	80,967	0.14
Scituate Solar LLC	Real Estate	5,449,600	77,057	0.13
Verizon New England Inc.	Utility	4,715,700	66,680	0.12
Suburban Realty Trust	Real Estate	4,667,900	66,004	0.11
Individual	Residential	4,275,600	60,457	0.10
Hatherly Country Club	Country Club	4,261,570	60,259	0.10
South Shore Real Estate	Real Estate	4,194,200	59,306	0.10
Total		<u>\$ 64,798,800</u>	<u>\$ 916,254</u>	<u>1.59 %</u>

## Abatements and Overlay

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

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

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

<u>Fiscal Year</u>	<u>Gross Tax Levy</u>	<u>Overlay Allowance</u>		<u>Exemptions/ Abatements Granted thru Fiscal Year</u>	<u>Overlay Excess (Deficit)</u>
		<u>Dollar Amount</u>	<u>Percent of Levy</u>		
2015	\$51,671,474	\$275,000	0.5%	\$196,268	\$78,732
2014	49,937,279	220,000	0.4	117,563	102,437
2013	48,082,156	219,170	0.5	130,562	88,608
2012	46,672,324	250,000	0.6	250,259	(259)
2011	43,334,646	250,000	0.6	116,692	133,038

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)</u>
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	219,170	47,862,986	97.6
2012	46,672,324	250,000	46,422,324	96.9
2011	43,334,646	250,000	43,084,646	98.4

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

(1) Net after deduction of overlay for abatements.

(2) I.e., at the end of the fiscal year for which levied.

(3) Actual collections less refunds, but excluding proceeds of tax titles and possessions attributable to that year's levy. Non-cash credits which may be abated later are not included in the amount allowed for refunds here.

## Tax Titles and Possessions

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

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

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

## Taxes Outstanding

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

<u>As of 6/30</u>	<u>Aggregate Overdue Property Taxes at FY-End (1)</u>	<u>Tax Titles</u>	<u>Tax Possessions</u>
2015	\$633,122	\$1,233,725	\$310,451
2014	614,175	1,199,628	388,914
2013	675,649	1,297,349	243,113
2012	608,096	1,034,052	232,219
2011	686,600	986,591	448,462

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				
	2016	2015	2014	2013	2012
Primary Levy Ceiling (2)	\$ 102,056,403	\$ 98,552,431	\$ 95,665,285	\$ 94,501,093	\$ 94,554,957
Prior Fiscal Year Levy Limit	50,137,901	48,365,077	46,677,025	45,150,901	41,613,580
2.5% Levy Growth	1,253,448	1,209,127	1,166,926	1,128,773	1,040,340
Current Fiscal Year New Growth (3)	532,715	563,697	521,126	397,351	296,981
Current Fiscal Year Override	-	-	-	-	2,200,000
Growth Levy Limit	51,924,064	50,137,901	48,365,077	46,677,025	45,150,901
Current Fiscal Year Debt Exclusion	6,106,818	1,534,203	1,578,047	1,543,979	1,540,358
Tax Levy Limit	58,030,882	51,672,104	49,943,124	48,221,004	46,691,259
Tax Levy	57,723,102	51,641,474	49,937,279	48,082,156	46,672,327
Unused Levy Capacity (4)	307,780 (6)	30,630	5,845	138,848	18,932
Unused Primary Levy Capacity (5)	\$ 50,132,339	\$ 48,414,530	\$ 47,300,208	\$ 47,824,068	\$ 49,404,056

(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.

<u>Fiscal Year</u>	<u>Surcharge</u>	<u>State Matching Funds</u>	<u>CPA Fund Balance</u>
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
2011	1,021,115	299,907	5,008,803

## 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 Fiscal 2016	Appropriated Fiscal 2015	Appropriated Fiscal 2014	Appropriated Fiscal 2013	Appropriated Fiscal 2012
General Government	\$ 3,350,995	\$ 3,163,025	\$ 2,920,731	\$ 2,824,180	\$ 2,492,699
Public Safety	8,804,102	8,384,084	8,027,982	7,806,517	7,591,895
Public Works	3,863,071	3,798,519	3,659,941	3,588,449	3,496,970
Human Services	666,995	680,552	624,975	546,901	487,967
Education	34,869,841	33,276,333	31,887,479	30,654,667	29,750,930
Culture & Recreation	1,140,483	1,105,033	1,111,952	1,102,105	1,086,199
Debt	6,954,468	2,365,652	2,362,632	2,047,600	2,055,490
Employee Benefits	10,410,603	9,912,257	9,515,307	9,901,681	9,743,403
<b>Total</b>	<b>\$ 70,060,558</b>	<b>\$ 62,685,455</b>	<b>\$ 60,110,999</b>	<b>\$ 58,472,100</b>	<b>\$ 56,705,553</b>

Source: Town Accountant.

### Fiscal Year 2016 Budget

The fiscal 2016 budget was approved without the use of free cash for the operating budget. The fiscal 2016 capital plan included all funded from available funds other than \$825,000 in self-supporting borrowing for enterprise fund projects. The Town's certified free cash as of June 30, 2015 was \$2,318,762. After funding items at the fall 2015 special town meeting and the proposed pay as you go capital plan, the estimated balance at the end of the fiscal year is \$2,299,549.

## Education Reform

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

## Revenues

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

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

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

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

<u>Fiscal Year</u>	<u>Aid to Education</u>	<u>Other</u>	<u>Total State Aid</u>
2016 (est.)	\$5,185,901	\$2,059,307	\$7,245,208
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
2012	4,854,210	1,780,728	6,634,938
2011	4,806,334	1,842,293	6,648,627

Source: Town Accountant.

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

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2015	\$2,750,181
2014	2,633,755
2013	2,402,057
2012	2,287,903
2011	2,277,636

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

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

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

On July 1, 1999, the Town placed water services, which are provided to nearly 100 percent of the Town, on an enterprise fund basis. The Town has a planned upgrade program in place for water system infrastructure improvements while keeping the fund self-supporting, and has a policy of increasing rates each year. Charges for water usage are billed quarterly. As of 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 \$45.38 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 1.6 million gallons per day (mgd). The WWTP was designated as a secondary treatment plant utilizing the extended aeration mode of the activated sludge (microorganisms) process.

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

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

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

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

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

**Local Option Meals Tax:** Effective July 1, 2013, the Town adopted the local meals excise tax. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. In fiscal 2015, this tax generated \$234,847 in revenue. The Town projects the future revenue to be approximately \$218,368.

## **Annual Audits**

The Town of Scituate is audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2015 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, 2015, June 30, 2014 and June 30, 2013, and a Statement of Revenues, Expenditures and changes in Fund Balance for fiscal years ended June 30, 2015 through June 30, 2011. Said statements were extracted from the Town's audited financials.

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

	General Fund	Community Preservation	Affordable Housing	Town Capital Projects	Middle School Constructoin	Nonmajor Governmental Funds	Total Governmental 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 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**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2014 (1)**

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

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

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

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

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



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

	General	Community Preservation	Affordable Housing	Town Capital Projects	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Real estate and personal property taxes, 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
<b>Total Revenues</b>	<b>\$ 68,879,711</b>	<b>\$ 2,300,218</b>	<b>\$ 7,551</b>	<b>\$ -</b>	<b>\$ 1,004,122</b>	<b>\$ 9,429,940</b>	<b>\$ 81,621,542</b>
<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
<b>Total Expenditures</b>	<b>73,286,953</b>	<b>1,819,538</b>	<b>11,295</b>	<b>2,057,973</b>	<b>2,543,201</b>	<b>8,612,341</b>	<b>88,331,301</b>
Excess (Deficiency) of Revenues Over 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)
<b>Total Expenditures and Other Financing Uses</b>	<b>9,989,358</b>	<b>-</b>	<b>-</b>	<b>16,913,000</b>	<b>46,425,000</b>	<b>4,937,464</b>	<b>78,264,822</b>
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
<b>Fund Balances - End of Year</b>	<b>\$ 16,042,002</b>	<b>\$ 7,558,054</b>	<b>\$ 985,549</b>	<b>\$ 15,566,078</b>	<b>\$ 44,885,921</b>	<b>\$ 12,196,039</b>	<b>\$ 97,233,643</b>

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

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

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

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds	\$ 47,666,579	\$ -	\$ -	\$ -	\$ 47,666,579
Motor vehicle and other excise taxes	2,449,218	-	-	-	2,449,218
Penalties and interest	348,212	3,753	-	-	351,965
Fees	1,338,592	-	-	-	1,338,592
Licenses and permits	637,653	-	-	242,790	880,443
Fines and forfeitures	95,779	-	-	-	95,779
Intergovernmental	14,221,002	381,581	-	3,083,102	17,685,685
Departmental and other	267,798	-	188,293	3,286,390	3,742,481
Community preservation surtax	-	1,108,110	-	-	1,108,110
Contributions	-	-	-	197,296	197,296
Investment income	38,353	20,969	1,792	15,402	76,516
<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
Intrest	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 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
<b>Fund Balances - End of Year</b>	<b>\$ 9,367,411</b>	<b>\$ 7,293,064</b>	<b>\$ 992,737</b>	<b>\$ 8,629,353</b>	<b>\$ 26,282,565</b>

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

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

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

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

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

	General	Mitigation	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds	\$ 43,516,682	\$ -	\$ -	\$ -	\$ -	\$ 43,516,682
Motor vehicle and other excise taxes	2,283,729	-	-	-	-	2,283,729
Penalties and interest	417,449	-	3,161	-	-	420,610
Fees	197,399	-	-	-	-	197,399
Licenses and permits	462,641	-	-	-	244,859	707,500
Fines and forfeitures	103,033	-	-	-	-	103,033
Intergovernmental	13,424,095	-	299,907	-	4,100,473	17,824,475
Departmental	1,166,732	-	-	-	2,687,097	3,853,829
Community preservation surtax	-	-	1,002,872	-	-	1,002,872
Contributions	-	-	-	-	145,106	145,106
Investment income	65,275	-	21,500	2,637	34,576	123,988
<b>Total Revenues</b>	<b>\$ 61,637,035</b>	<b>\$ -</b>	<b>\$ 1,327,440</b>	<b>\$ 2,637</b>	<b>\$ 7,212,111</b>	<b>\$ 70,179,223</b>
<b>EXPENDITURES:</b>						
Current:						
General government	2,183,454	-	-	25,531	1,220,791	3,429,776
Public safety	7,161,440	-	-	-	127,205	7,288,645
Education	27,997,022	-	-	-	4,853,431	32,850,453
Public works	3,085,705	-	-	-	1,093,824	4,179,529
Human services	410,181	-	-	-	80,371	490,552
Culture and recreation	1,030,778	-	-	-	509,059	1,539,837
Community preservation	-	-	1,670,961	-	-	1,670,961
Pension benefits	9,953,489	-	-	-	-	9,953,489
Employee benefits	5,653,254	-	-	-	-	5,653,254
State and county charges	520,678	-	-	-	-	520,678
Debt service:						
Principal	1,463,858	-	-	-	-	1,463,858
Interest	771,919	-	-	-	-	771,919
<b>Total Expenditures</b>	<b>60,231,778</b>	<b>-</b>	<b>1,670,961</b>	<b>25,531</b>	<b>7,884,681</b>	<b>69,812,951</b>
Excess (Deficiency) of Revenues Over Expenditures	1,405,257	-	(343,521)	(22,894)	(672,570)	366,272
<b>Other Financing Sources (Uses):</b>						
Proceeds from bonds and notes	-	-	-	-	3,245,470	3,245,470
Premium from issuance of bonds and notes	148,644	-	-	-	-	148,644
Transfer in	751,667	-	-	-	940,000	1,691,667
Transfer out	(751,332)	(956,953)	-	-	(88,541)	(1,796,826)
<b>Total Expenditures and Other Financing Uses</b>	<b>148,979</b>	<b>(956,953)</b>	<b>-</b>	<b>-</b>	<b>4,096,929</b>	<b>3,288,955</b>
Net Change in Fund Balances	1,554,236	(956,953)	(343,521)	(22,894)	3,424,359	3,655,227
Fund Balances - Beginning of Year	5,070,118	956,953	5,652,065	851,449	2,391,010	14,921,595
Fund Balances - End of Year	<b>\$ 6,624,354</b>	<b>\$ -</b>	<b>\$ 5,308,544</b>	<b>\$ 828,555</b>	<b>\$ 5,815,369</b>	<b>\$ 18,576,822</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 General Fund Balance As of June 30 (1)</u>	<u>Certified Free Cash for Fiscal Year Beginning July 1</u>
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
2011	5,276,801	1,528,192

(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 as of June 30,</u>
2015	\$ 2,374,384
2014	3,179,056
2013	2,059,297
2012	3,009,312
2011	2,084,463

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 \$208,312 in excess levy capacity. The fund balance as of December 31, 2015 was \$3,661,036.

## Capital Stabilization Fund

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

## Economic Development Stabilization Fund

The Town established an economic development stabilization fund at the April 2013 town meeting with a balance of \$0 and \$13,540 at June 30, 2014 and June 30, 2015, 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 has a balance as of \$390,959 as of December 31, 2015. At the November 2015 Special Town Meeting, \$250,000 was transferred into the Water Enterprise Capital Stabilization Fund.

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

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

The Town has not established any such development districts.

## **Investment of Town Funds**

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

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

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

## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

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

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

### Debt Limits

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

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

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

### Types of Obligations

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

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

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



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

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

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

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

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

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

### **Revenue Anticipation Note Borrowing**

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

**Direct Debt Summary  
As of June 30, 2015 (1)**

Long-Term Indebtedness	
General Obligation Bonds:	
Water (2)	\$ 19,355,000
School (3)	55,810,000
General (4)	29,038,000
Sewers & Drains (5)	3,400,000
MCWT (6)	<u>15,733,923</u>
Total	\$ 123,336,923
Short-Term Debt	
Bond Anticipation Notes Outstanding	<u>-</u>
Total Short Term Debt	<u>-</u>
Total Direct Debt	<u><u>\$ 123,336,923</u></u>

- 
- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) \$18,540,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$46,425,000 is outside the Town's general debt limit and \$52,500,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$1,105,000 is outside the Town's general debt limit and \$19,690,000 is exempt from the limitations of Proposition 2 ½.
- (5) \$240,000 is outside the Town's general debt limit.
- (6) \$4,975,704 is outside the Town's general debt limit and \$952,771 is exempt from the limitations of Proposition 2 ½.

**Debt Ratios**

	As of June 30,					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Long Term Debt Outstanding (1)	\$123,336,923	\$45,932,919	\$50,875,921	\$42,612,765	\$46,445,430	\$40,378,638
Debt per Capita	\$6,370.71	\$2,372.57	\$2,627.89	\$2,201.07	\$2,399.04	\$2,085.67
Percent of Assessed Valuation (2)	3.13%	1.20%	1.35%	1.11%	1.21%	1.01%
Percent of Equalized Valuation (3)	3.01%	1.11%	1.23%	0.98%	1.07%	0.88%
Debt per Capita as a Percent of per Capita Income	18.77%	6.99%	7.74%	6.49%	7.07%	6.15%

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

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

Fiscal Year	Water (2)	School (3)	General (4)	Sewers & Drains (5)	MCWT (6)	Total
2016	\$ 1,066,000	\$ 2,905,000	\$ 2,224,000	\$ 298,000	\$ 1,706,665	\$ 8,199,665
2017	1,056,000	2,845,000	2,191,000	298,000	1,757,669	8,147,669
2018	1,051,000	2,765,000	1,656,000	298,000	1,809,488	7,579,488
2019	1,001,000	2,755,000	1,521,000	298,000	1,855,173	7,430,173
2020	981,000	2,705,000	1,481,000	293,000	1,084,602	6,544,602
2021	981,000	2,685,000	1,456,000	293,000	1,077,853	6,492,853
2022	951,000	2,685,000	1,431,000	293,000	965,105	6,325,105
2023	926,000	2,685,000	1,421,000	293,000	990,295	6,315,295
2024	866,000	2,655,000	1,366,000	283,000	1,011,778	6,181,778
2025	861,000	2,640,000	1,091,000	233,000	584,587	5,409,587
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>\$ 19,355,000</u>	<u>\$ 55,810,000</u>	<u>\$ 29,038,000</u>	<u>\$ 3,400,000</u>	<u>\$ 15,733,923</u>	<u>\$ 123,336,923</u>

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability and other post-employment benefits liability.
- (2) \$18,540,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$46,425,000 is outside the Town's general debt limit and \$52,500,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$1,105,000 is outside the Town's general debt limit and \$19,690,000 is exempt from the limitations of Proposition 2 ½.
- (5) \$240,000 is outside the Town's general debt limit.
- (6) \$4,975,704 is outside the Town's general debt limit and \$952,771 is exempt from the limitations of Proposition 2 ½.

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

Fiscal Year	Outstanding (2)		MCWT Subsidy	Net Debt Service	Cumulative % Principal Retired
	Principal	Interest			
2016	\$ 8,199,665	\$ 3,806,865	\$ (427,013)	\$ 11,579,517	6.6 %
2017	8,147,669	4,604,568	(403,504)	12,348,733	13.3
2018	7,579,488	4,260,785	(371,170)	11,469,104	19.4
2019	7,430,173	3,960,625	(343,375)	11,047,423	25.4
2020	6,544,602	3,671,116	(108,323)	10,107,394	30.7
2021	6,492,853	3,381,283	(88,231)	9,785,904	36.0
2022	6,325,105	3,096,819	(40,429)	9,381,495	41.1
2023	6,315,295	2,823,143	(35,680)	9,102,757	46.2
2024	6,181,778	2,550,011	(25,112)	8,706,677	51.3
2025	5,409,587	2,299,245	-	7,708,833	55.6
2026	4,501,847	2,076,581	-	6,578,428	59.3
2027	4,056,941	1,884,240	-	5,941,181	62.6
2028	4,043,612	1,717,298	-	5,760,910	65.9
2029	4,045,428	1,566,081	-	5,611,509	69.1
2030	4,057,392	1,414,721	-	5,472,113	72.4
2031	4,044,507	1,263,007	-	5,307,514	75.7
2032	3,786,777	1,111,224	-	4,898,001	78.8
2033	3,769,205	970,091	-	4,739,296	81.8
2034	3,215,000	831,900	-	4,046,900	84.4
2035	3,215,000	703,300	-	3,918,300	87.0
2036	3,195,000	575,100	-	3,770,100	89.6
2037	3,195,000	447,300	-	3,642,300	92.2
2038	3,195,000	319,500	-	3,514,500	94.8
2039	3,195,000	191,700	-	3,386,700	97.4
2040	3,195,000	63,900	-	3,258,900	100.0
<b>Total</b>	<b>\$ 123,336,923</b>	<b>\$ 49,590,403</b>	<b>\$ (1,842,839)</b>	<b>\$ 171,084,487</b>	

- 
- (1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.
- (2) Principal totaling \$73,142,771 and interest totaling \$35,540,067 is exempt from the provisions of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

## Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the Town will have approximately \$44,356,916 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	6,847,000
Library Renovations (1)(2)	2,014,160
School Technology	200,000
Foreshore Protection	500,000
Sewer Phase IV	400,000
Oceanside Drive Seawall Replacement	2,000,000
School Renovation (1)(3)	22,932,756
Harbor/River Dredging	200,000
Pump Station Replacement	625,000
Seawall Repairs	2,000,000
Additional Public Safety - Base	562,000
Additional Public Safety - Sally Port & Third Bay	751,000
Oceanside Drive Seawall Repairs	1,500,000
Total	<u>\$ 44,356,916</u>

- (1) The Town voted to exempt the debt service associated with this project from the limitations of Proposition 2 ½, subject to the provisions of Chapter 44, Section 20 of the General Laws.
- (2) The Town expects to receive \$4,985,840 construction grant from the Massachusetts Board of Library Commissioners.
- (3) The Town authorized \$75 million for the High School Middle School project. The Town expects to receive approximately 44.06% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible project costs with a maximum grant of \$20,917,975. The Town's local share is estimated at approximately \$54,082,025. To date, the Town has received \$1,982,705 from the MSBA.

## Overlapping Debt

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

	Outstanding Bonded Debt as of 6/30/15	Scituate's Estimated Share %	Fiscal 2016 Dollar Assessment (1)
Plymouth County (2)	\$2,475,000	5.90%	\$88,513
Massachusetts Bay Transportation Authority (3)	\$5,634,750,025	0.076%	\$47,056
South Shore Regional Vocational- Technical School District (4)	\$805,000	7.58%	\$565,989

- (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 2016. 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 2016. 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 2016. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts, subject to the provisions of the Education Reform Act of 1993.

## **Contracts**

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

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

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

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

The Town also contracts annually with SEMASS Partnership solid waste disposal at \$90.88 per ton in fiscal 2015, which includes all hauling costs. This contract expires on June 30, 2023. The annual cost incurred were \$282,056 in fiscal 2015. The estimated cost of this contract for fiscal 2016 is \$290,816.

## **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, 2015, the total unfunded pension benefit obligation of the Plymouth County System was \$590,566,333, assuming a 8.0% discount rate as follows:

Total pension benefit obligation	\$1,417,490,110
Assets at market value	826,923,777
Unfunded pension benefit obligation	<u>\$ 590,566,333</u>
The Town's estimated share at its participation rate of 6.45%	<u>\$ 38,327,312</u>

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

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

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

## Current Plymouth County Funding Schedule

Fiscal Year	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**
2016	\$ 21,335,589	\$ 13,243,028	\$ 50,869,520	\$ 64,112,548	26.0	\$ 590,566,333	58.3
2017	22,325,258	13,538,829	53,834,388	67,373,217	26.3	585,995,837	59.8
2018	23,359,149	13,838,193	55,951,286	69,789,479	26.3	577,980,373	61.7
2019	24,439,187	14,140,969	58,152,861	72,293,830	26.2	567,165,058	63.6
2020	25,567,379	14,446,994	59,860,420	74,307,414	26.0	553,239,562	65.7
2021	26,745,817	14,756,086	61,950,357	76,706,443	25.9	536,458,765	67.8
2022	27,976,685	15,068,043	64,426,829	79,494,872	25.8	516,204,359	69.9
2023	29,262,256	15,382,646	67,002,360	82,385,006	25.8	491,804,329	72.2
2024	30,604,903	15,699,654	69,680,912	85,380,566	25.8	462,826,013	74.6
2025	32,007,098	16,018,807	72,466,606	88,485,413	25.8	428,798,099	77.2
2026	33,471,420	16,339,818	75,363,728	91,703,546	25.7	389,207,363	79.9
2027	35,000,556	16,662,379	78,376,735	95,039,114	25.7	343,495,159	82.8
2028	36,597,308	16,986,154	81,510,262	98,496,416	25.7	291,053,598	85.8
2029	38,264,597	17,310,781	84,730,574	102,041,355	25.6	231,221,439	89.0
2030	40,005,468	17,635,868	88,119,797	105,755,665	25.6	163,318,934	92.5
2031	41,823,094	17,960,993	91,644,589	109,605,582	25.6	86,528,220	96.1
2032	43,720,785	18,285,702	-	18,285,702	4.1	-	100.0
2033	45,701,988	18,609,507	-	18,609,507	4.0	-	100.0
2034	47,770,300	18,931,882	-	18,931,882	4.0	-	100.0
2035	49,929,466	19,252,267	-	19,252,267	3.9	-	100.0
2036	52,183,393	19,570,057	-	19,570,057	3.8	-	100.0
2037	54,536,152	19,884,608	-	19,884,608	3.7	-	100.0
2038	56,991,984	20,195,229	-	20,195,229	3.6	-	100.0
2039	59,555,312	20,501,185	-	20,501,185	3.6	-	100.0
2040	62,230,745	20,801,688	-	20,801,688	3.5	-	100.0
2041	65,023,085	21,095,899	-	21,095,899	3.4	-	100.0
2042	67,461,451	21,886,995	-	21,886,995	3.4	-	100.0
2043	69,991,255	22,707,757	-	22,707,757	3.4	-	100.0
2044	72,615,927	23,559,298	-	23,559,298	3.4	-	100.0
2045	75,339,025	24,442,722	-	24,442,722	3.4	-	100.0

SOURCE: January 1, 2015 Plymouth County Retirement System Actuarial Valuation, PERAC.

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

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

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



## Other Post-Employment Benefits

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

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2016 (budgeted)	\$ 1,970,330
2015	2,167,131
2014	2,014,132
2013	1,735,058
2012	1,530,639

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

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town hired USI Consulting Group which performed the actuarial valuation of its post-employment benefit liability. As of June 30, 2015 the Town's estimated unfunded actuarial accrued liability was approximately \$60,252,654 and the Town's annual required contribution ('ARC') for fiscal 2015 was approximately \$4,396,050 assuming a 4.0% discount rate. At the April 11, 2011 Annual Town Meeting the Town created an OPEB fund with an initial contribution of \$14,983. The Town's Financial Policies ensure that a minimum 2% of the required Plymouth County Retirement Assessment be added to the OPEB Liability Trust Fund as part of the operating budget annually. At June 30, 2013 the OPEB Trust Fund balance was \$209,227. The OPEB Trust Fund balance at June 30, 2014 was \$296,559. The Town transferred an additional \$76,723 into this fund on July 1, 2014. The OPEB Trust Fund Balance as of June 30, 2015 was \$386,515. An additional \$282,835 was appropriated into the fund in fiscal 2016 for a balance of \$674,716 as of December 31, 2015.

## COLLECTIVE BARGAINING

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

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

Employee by Category	Represented by	Number of Employees	Contract Expires
<b>General Government</b>			
Police	International Brotherhood of Police Officers (IBPO)	30	6/30/2017
Firefighters	International Association of Fire Fighters (IAFF)	51	6/30/2017
Clerical Workers	SEIU 888 (1)	35	6/30/2017
Public Works	Laborers District Council	36	6/30/2016
Administrators and Managers	SEIU 888 (2)	18	6/30/2017
<b>Total General Government Professionals</b>		<u>170</u>	
<b>School</b>			
Teachers	Scituate Teachers Assoc./Mass. Teachers Assoc.	299	8/31/2018
Custodians	AFSCME Local 1700 (3)	22	6/30/2018
Administration and Managers	SEIU/Local 888	15	6/30/2018
Bus Workers	AFSCME Local 1700 (3)	20	8/31/2018
Aides and Tutors	SEIU/Local 888	72	8/31/2018
Cafeteria Workers	SEIU/Local 888	16	8/31/2016
<b>Total School</b>		<u>444</u>	
<b>Total</b>		<u><u>614</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) Currently in arbitration.

## LITIGATION

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

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

March 15, 2016

**THE TOWN OF Scituate, MASSACHUSETTS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR**

**THE FISCAL YEAR**

**JULY 1, 2014 – JUNE 30, 2015**



On the cover: Minot Light.



The Town generates more than 100% of its electricity needs through renewable energy including a 1.5MW wind turbine and a 3MW solar array. Proceeds from these green initiatives are used to offset costs to taxpayers for the construction of a new middle school and public safety complex.

*The Town of  
Scituate, Massachusetts*



**Comprehensive  
Annual Financial Report**

**For the Year Ended  
June 30, 2015**

Prepared by the Finance Department

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TOWN OF SCITUATE, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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# Introductory Section

*The Town voted to construct a new public safety complex in FY 2015 to replace two outdated 1950s era police and fire stations with a modern facility which will provide consolidated dispatch, a new emergency operations center and improved response times to certain areas of Town. The new building will open in early 2017.*



SCHEMATIC DESIGN  
APRIL 14, 2014



FIRST FLOOR PLAN

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# ***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 16, 2015

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, 2015 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, 2015 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, 2015 and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

## **Profile of Town**

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

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

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

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

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

## **Budgetary Controls**

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

The level of budgetary control is established by town meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Finance Director/Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at

subsequent Town Meetings. The Advisory Committee may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

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

### **Factors Affecting Economic Condition**

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

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

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

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

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

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

### **Major Initiatives**

The Board of Selectmen adopted a Master 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 and a \$12M library renovation project partially funded by a \$5M Massachusetts Board of Library Commissioners grant and private donations. 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. 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. 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. In the last six 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 responders together.

The \$22M water project was supported solely by user rates and the three 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 \$13M in improvements over the last six 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. 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.

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.

## **Reserves**

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

The Other Post Employment Liability Trust was established in 2011 and is funded at 2% of the annual pension assessment pursuant to the Town's financial policies. The Town created a Capital Stabilization Fund in 2012 to complement the Town's five year capital plan to address future capital needs and associated debt burden. 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.

The Town adopted two additional reserves in FY 2015 to address sewer and water infrastructure costs. The Sewer Enterprise Capital Stabilization Fund was established to capture pre-paid betterments for sewer expansion projects to ensure funding is available in the future for those costs. The Water Enterprise Capital Stabilization Fund captures the revenue from the increased rates for service so they can be applied over time to the capital costs of the infrastructure improvements.



## 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, 2014. This was the first time 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,



Patricia A. Vinchesi  
Town Administrator



Nancy Holt  
Finance Director/Town Accountant

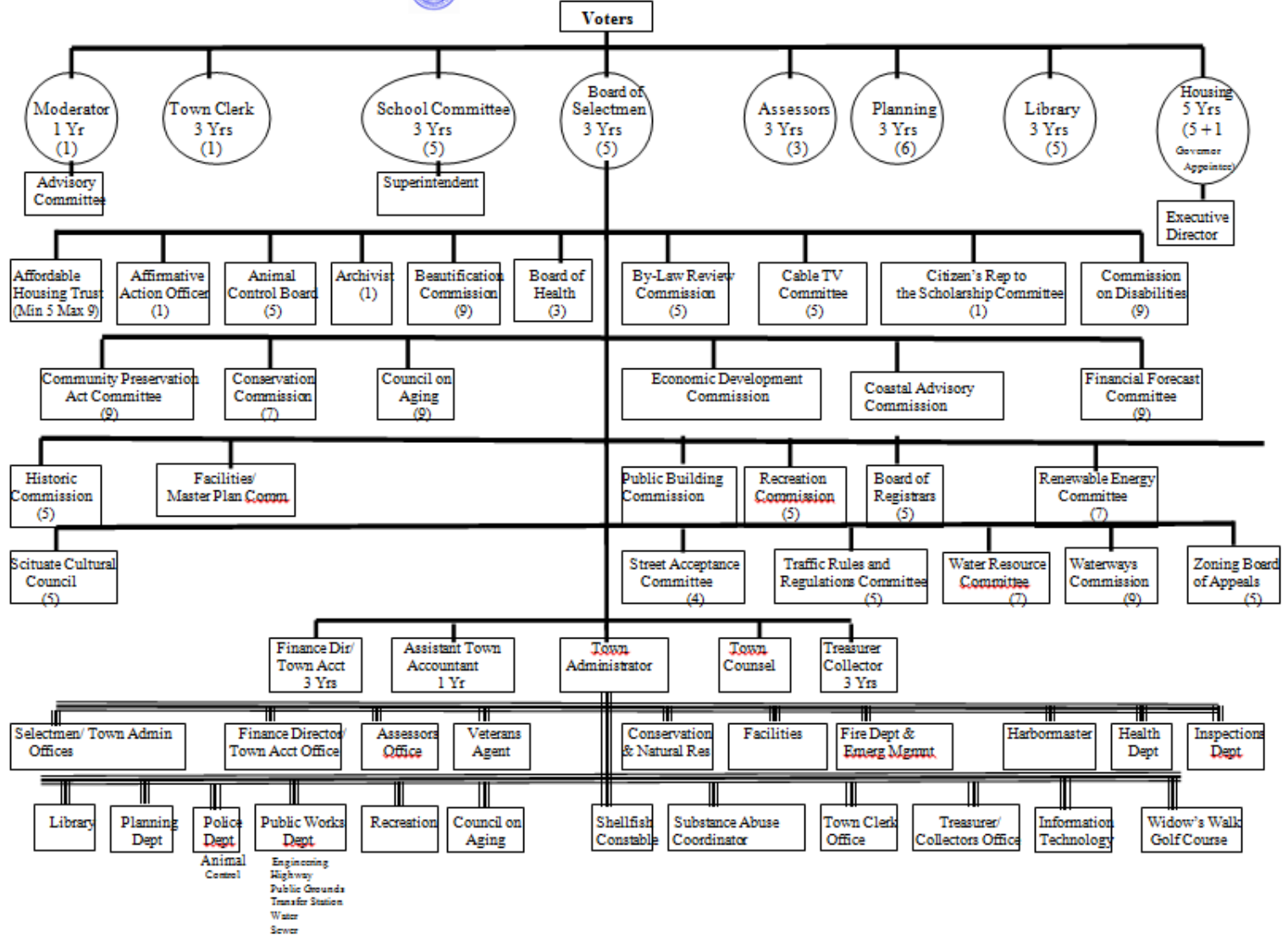
# Town of Scituate, Massachusetts

## Principal Executive Officers

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Shawn Harris	2017
	John F. Danehey	2016
	Maura Curran	2018
	Martin J. O'Toole	2016
	Anthony V. Vegnani, Chair	2017
Moderator	Richard P. Bowen	2016
Town Clerk	Kathleen A. Curran	2018
School Committee	Brenda Lee Bowen	2017
	Janet Taylor	2017
	Michael Thomas Long	2018
	Robyn L. Levirne	2016
	Richard Hebet, Chair	2016
 <u>Appointed Officials</u>		
Town Administrator	Patricia A. Vinchesi	
Finance Director/Town Accountant	Nancy Holt	
Treasurer/Collector	Pamela J. Avitabile	
Director of Assessing	Stephen Jarzembowski	
Fire Chief	John P. Murphy	
Police Chief	W. Michael Stewart	
Director of Public Works	Kevin Cafferty	



# TOWN OF SCITUATE, MA





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, 2014**

Executive Director/CEO

# Financial Section

The Town also voted to construct a new \$75M middle school in FY 2015 to replace an outdated century old school. The new middle school will be co-located on the site of the existing high school and will include a new art wing for the high school and a new performing arts center. The project will receive 44% reimbursement funding from the Massachusetts School Building Authority for all eligible costs. The new school will open in September 2017. Designs furnished by Dore & Whittier Architects with red denoting the new middle school and blue the existing high school.



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# ***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, 2015, 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, 2015, 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 16, 2015 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 16, 2015

***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, 2015. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

### ***Overview of the Financial Statements***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Scituate's assets and deferred outflows of resources exceeded liabilities by \$79.1 million at the close of 2015, which was an improvement in overall financial position of \$4.5 million from the prior year.

Net position of \$88.3 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, \$15 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 \$24.2 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 by \$33.4 million at the close of 2015.

Governmental net position of \$58 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 \$15 million represents resources that are subject to external restrictions on how they may be used. This balance increased approximately \$4.8 million primarily due to the recognition of a bond premium on debt that was issued outside of the Massachusetts taxing limits referred to as Proposition 2 ½. This premium is required by the state to be reserved and to either amortize it to offset annual debt interest payments or to appropriate it to reduce the amount borrowed for the project. Subsequent to year end, the Town voted to use the premium for capital construction costs to offset the amount borrowed for the projects.

The remaining balance of *unrestricted net position* is a deficit of \$39.5 million. The deficit is the result of the implementation of GASB #68 which required the Town to record its net pension liability of \$34 million for the first time this year along with the other postemployment benefits liability of \$24 million. These are long term unfunded liabilities that will not require significant short term resources. Unrestricted net position decreased by \$1.9 million. This was due to the increases in OPEB and Pension liabilities which were offset by positive budgetary results in the general fund.

Condensed financial data for 2015 and 2014 is presented below.

**Governmental Activities**

	<u>2015</u>	<u>(As Revised) 2014</u>
<b>Assets:</b>		
Current assets.....	\$ 104,034,350	\$ 32,716,432
Capital assets.....	78,774,449	73,093,965
Total assets.....	<u>182,808,799</u>	<u>105,810,397</u>
 <b>Deferred Outflows of Resources.....</b>	 <u>1,572,955</u>	 <u>-</u>
 <b>Liabilities:</b>		
Current liabilities (excluding debt).....	4,719,559	3,947,444
Noncurrent liabilities (excluding debt).....	58,499,540	54,411,389
Current debt.....	4,855,312	2,936,214
Noncurrent debt.....	82,875,457	14,079,312
Total liabilities.....	<u>150,949,868</u>	<u>75,374,359</u>
 <b>Net Position:</b>		
Net investment in capital assets.....	58,009,621	57,977,964
Restricted.....	14,966,255	10,144,946
Unrestricted.....	(39,543,990)	(37,686,872)
Total net position.....	<u>\$ 33,431,886</u>	<u>\$ 30,436,038</u>

Current assets increased by \$71.3 million which is mainly due to unspent bond proceeds from the Town's \$68.3 million long-term bond issuance in June 2015. Noncurrent debt increased by \$68.8 million due to the same bond issuance.

As part of the implementation of GASB #68 which required the Town to record its net pension liability for the first time this year, the Town also recorded deferred outflows of resources related to pensions totaling \$1.6 million.

	<u>2015</u>	<u>(As Revised) 2014</u>
<b>Program Revenues:</b>		
Charges for services.....	\$ 6,075,115	\$ 5,092,283
Operating grants and contributions.....	13,015,067	16,949,683
Capital grants and contributions.....	4,496,678	1,344,565
<b>General Revenues:</b>		
Real estate and personal property taxes.....	51,047,753	50,004,305
Tax liens.....	415,491	30,843
Motor vehicle and other excise taxes.....	3,026,616	2,818,956
Community preservation tax.....	1,201,728	1,158,916
Penalties and interest on taxes.....	446,774	640,163
Payments in lieu of taxes.....	19,601	-
Grants and contributions not restricted to specific programs.....	1,938,534	1,933,158
Unrestricted investment income.....	186,336	88,567
Miscellaneous.....	311,551	679,700
<b>Total revenues.....</b>	<b><u>82,181,244</u></b>	<b><u>80,741,139</u></b>
<b>Expenses:</b>		
General government.....	4,876,844	4,226,125
Public safety.....	13,092,547	12,168,321
Education.....	49,944,296	54,642,980
Public works.....	6,767,282	5,471,895
Human services.....	1,113,052	1,212,812
Culture and recreation.....	2,129,813	2,103,933
Community preservation.....	155,246	721,633
Interest.....	994,681	566,494
<b>Total expenses.....</b>	<b><u>79,073,761</u></b>	<b><u>81,114,193</u></b>
<b>Excess (deficiency) before transfers.....</b>	<b>3,107,483</b>	<b>(373,054)</b>
<b>Transfers.....</b>	<b><u>(111,635)</u></b>	<b><u>(57,239)</u></b>
<b>Change in net position.....</b>	<b>2,995,848</b>	<b>(430,293)</b>
<b>Beginning net position, (as revised).....</b>	<b><u>30,436,038</u></b>	<b><u>30,866,331</u></b>
<b>Ending net position.....</b>	<b><u>\$ 33,431,886</u></b>	<b><u>\$ 30,436,038</u></b>

The beginning net position of governmental activities has been revised to reflect the implementation of GASB Statements #68, and #71. To reflect this change, the Town has recorded a net pension liability and a deferred outflow of resources, which has resulted in the revision of the June 30, 2014 balance of the governmental activities by \$32,442,436. Previously reported net position of \$62,878,474 has been revised to \$30,436,038.

The decrease in operating grants and education expenses is related to the Massachusetts Teachers Retirement System's implementation of GASB #67, #68 and #71 which decreased the revenue and corresponding expense by \$3.4 million.

Capital grant revenue increased \$3.2 million due to the Town's ongoing construction projects. Of this increase, \$1 million was reimbursement for the Massachusetts School Building Authority's share of the Middle School project;

\$1.5 million related to donations and state grant funds for library construction; \$364,000 related to State reimbursements for highway improvements; and \$301,000 related to the state's matching contribution for community preservation.

**Business-type Activities**

	<u>2015</u>	<u>(As Revised) 2014</u>
<b>Assets:</b>		
Current assets.....	\$ 20,428,027	\$ 17,011,076
Noncurrent assets (excluding capital).....	10,489,323	12,198,777
Capital assets.....	<u>66,667,088</u>	<u>60,626,313</u>
Total assets.....	<b><u>97,584,438</u></b>	<b><u>89,836,166</u></b>
<b>Deferred Outflows of Resources.....</b>	<b><u>176,405</u></b>	<b><u>-</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,257,733	1,931,716
Noncurrent liabilities (excluding debt).....	5,784,233	5,563,505
Current debt.....	3,859,385	10,704,391
Noncurrent debt.....	<u>39,214,727</u>	<u>27,456,141</u>
Total liabilities.....	<b><u>52,116,078</u></b>	<b><u>45,655,753</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	30,168,211	28,948,580
Unrestricted.....	<u>15,476,554</u>	<u>15,231,833</u>
Total net position.....	<b><u>\$ 45,644,765</u></b>	<b><u>\$ 44,180,413</u></b>

At the end of the current year, the Town reports \$45.6 million in net position for its combined business-type activities. Of this balance, \$30.3 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 \$6 million due to the Town's ongoing water main improvement and replacement project.

Noncurrent debt increased by \$11.8 million due to the Town issuing long term bonds in June 2015 for the ongoing water main improvement and replacement project. Current debt decreased by \$6.8 million due to the Town retiring short term notes when they matured through the issuance of the long-term bonds.

As part of the implementation of GASB #68 which required the Town to record its net pension liability for the first time this year, the Town also recorded deferred outflows of resources related to pensions totaling \$176,000 for business-type activities.



	<u>2015</u>	<u>(As Revised)</u> <u>2014</u>
<b>Program Revenues:</b>		
Charges for services.....	\$ 9,050,103	\$ 7,941,623
Operating grants and contributions.....	213,160	238,088
Capital grants and contributions.....	688,590	6,430,626
<b>General Revenues:</b>		
Tax liens.....	42,128	26,715
Motor vehicle and other excise taxes.....	40,363	39,821
Unrestricted investment income.....	25,952	20,843
Total revenues.....	<u>10,060,296</u>	<u>14,697,716</u>
<b>Expenses:</b>		
Water.....	2,664,045	2,532,201
Sewer.....	3,188,094	2,648,252
Transfer station.....	953,805	1,056,911
Widows Walk golf course.....	1,004,683	913,694
Waterways.....	896,952	837,378
Total expenses.....	<u>8,707,579</u>	<u>7,988,436</u>
<b>Excess (deficiency) before transfers.....</b>	<b>1,352,717</b>	<b>6,709,280</b>
<b>Transfers.....</b>	<b><u>111,635</u></b>	<b><u>57,239</u></b>
<b>Change in net position.....</b>	<b>1,464,352</b>	<b>6,766,519</b>
<b>Beginning net position, (as revised).....</b>	<b><u>44,180,413</u></b>	<b><u>37,413,894</u></b>
<b>Ending net position.....</b>	<b>\$ <u>45,644,765</u></b>	<b>\$ <u>44,180,413</u></b>

The beginning net position of business-type activities has been revised to reflect the implementation of GASB Statements #68, and #71. To reflect this change, the Town has recorded a net pension liability and a deferred outflow of resources, which has resulted in the revision of the June 30, 2014, balance of the business-type activities by \$3,638,376. Previously reported net position of \$47,818,789 has been revised to \$44,180,413.

There was a net increase of \$1.5 million in net position reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
<b>Net Position:</b>			
Water.....	\$ 10,572,319	\$ 9,276,727	\$ 1,295,592
Sewer.....	29,365,477	30,444,798	(1,079,321)
Transfer station.....	269,949	46,696	223,253
Widows Walk golf course.....	839,146	647,409	191,737
Waterways.....	4,597,874	3,764,783	833,091
Total Net Position.....	<u>\$ 45,644,765</u>	<u>\$ 44,180,413</u>	<u>\$ 1,464,352</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 \$1.3 million. This was partly due to a 19.2% increase in the water rates in 2015.

The sewer enterprise fund reported a decrease in net position of \$1.1 million compared to a \$6 million increase in fiscal year 2014. In 2014 the sewer fund recognized a \$6 million increase for one time betterment assessments that are used over time to retire debt on the projects.

The transfer station fund reported an increase of \$223,000 in net position. Transfer station revenue was consistent with the prior year. The fund had a decrease in expenditures for repairs and maintenance and hauling costs.

The Widow's Walk golf course fund reported a \$192,000 increase in net position. The increase is primarily attributable to current rates being set to raise revenue to support \$345,000 of debt principal payments and not set to raise revenue to support \$190,000 of non-cash depreciation expense.

The waterway's enterprise fund reported an \$833,000 increase in net position. Attributing to this increase is a capital contribution totaling \$689,000 for the Town pier project which is paid from the Town's special revenue fund.

### ***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 \$97.2 million, which is comprised of \$16 million in the general fund, \$7.6 million in the community preservation fund, \$986,000 in the affordable housing fund, \$15.6 million in Town capital projects, \$44.9 million in Middle School construction, and \$12.2 million in the nonmajor governmental funds. Cumulatively there was an increase of \$71.6 million in fund balances from the prior year.

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$6.6 million, restricted fund balance was \$5.6 million, committed fund balance was \$2.1 million, and assigned fund balance was \$1.7 million while total fund balance was \$16 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 9.7% of total general fund budgetary expenditures, while total fund balance represents 23.4% of that same amount.

The fund balance of the general fund increased by \$5.6 million. The general fund had positive budgetary results where actual revenues exceeded the budget and actual expenditures were less than budgeted along with a \$5.3 million premium from the issuance of long-term bonds. These positive results were offset by the use of prior year reserves to balance the budget. The budgetary results led to an increase in fund balance of \$5.7 million. Of this amount, the majority of the bond premium was reserved at year end, as required by the state, and appropriated

subsequent to year end to fund construction costs, thus reducing the total amount borrowed for the projects. 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 \$3.3 million and \$537,000, respectively.

The Town reports restricted fund balance in the general fund which includes \$537,000 for the Worker's Compensation Fund and \$5.1 million of amounts restricted for debt service from bond premiums.

The *Community Preservation Fund* had a fund balance at year-end of \$7.6 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 \$481,000 in 2015. 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 \$986,000. 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 balance of \$15.6 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 2015, the Town received \$16.7 million from the issuance of bonds; offset with \$2.1 million in expenditures. The majority of the expenditures were used for the construction of the public safety complex, the purchase of a new fire truck, 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 fund balance totaled \$44.9 million in 2015. This was the result of the Town receiving \$46.4 million from issuance of bonds; offset with construction costs totaling \$2.5 million.

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

The original 2015 operating budget totaled \$67.5 million and consisted of \$64.6 million in appropriations and \$2.9 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 \$3.4 million of available funds to fund the stabilization fund, retire landfill debt, and to cover costs associated with unprecedented weather events during 2015. The final budget included the use of free cash (available fund balance) totaling \$2 million. Actual revenues came in over budget by approximately \$1 million, and actual expenditures came in under budget by approximately \$4.4 million. Of this balance, the Town reserved \$3.3 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 2015 includes additions in construction in progress of \$4.7 million for the public safety complex and the middle school; \$2 million for land purchases, \$844,000 in building improvements, \$1.9 million in infrastructure, \$1.3 million in vehicles, and \$577,000 in other projects. During 2015, the Town put in service and removed from construction in progress \$2.1 million in projects.

The Town's 2015 business-type capital asset activity includes \$8.5 million of infrastructure additions which primarily relate to water infrastructure. \$2.1 million of infrastructure additions are from completed projects moved out of construction in progress. The Town also added \$846,000 in new construction in progress of which \$94,000 is for the Town pier project and \$752,000 is for water infrastructure, \$774,000 in land improvements related to the waterways enterprise fund, and \$350,000 in other projects.

During 2015, the Town issued \$86.9 million in long-term debt of which \$72.5 million was for governmental activities and \$14.4 million was for the water enterprise fund.

Outstanding governmental long-term debt, as of June 30, 2015, totaled \$87.6 million, of which approximately \$55.8 million relates to various school construction projects, \$15 million relates to the public safety complex, \$4.7 million relates to the library, \$2.4 million relates to energy saving projects, and \$9.7 million relates other various projects and equipment.

The enterprise funds long-term debt totaled \$42.9 million at year end; comprised of \$19.8 million in water debt, \$19.1 million in sewer debt, \$435,000 in transfer station debt, \$735,000 million in Widow's Walk golf course debt and \$2.8 million in waterways debt. Approximately \$1.1 million 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.

# ***Basic Financial Statements***

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## STATEMENT OF NET POSITION

JUNE 30, 2015

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 99,231,382	\$ 16,922,458	\$ 116,153,840
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	903,792	-	903,792
Tax liens.....	1,083,469	151,180	1,234,649
Motor vehicle and other excise taxes.....	191,599	-	191,599
User fees.....	-	2,223,150	2,223,150
Departmental and other.....	186,201	-	186,201
Special assessments.....	219,236	769,413	988,649
Intergovernmental.....	1,908,220	325,700	2,233,920
Tax foreclosures.....	310,451	-	310,451
Inventory.....	-	36,126	36,126
	<u>104,034,350</u>	<u>20,428,027</u>	<u>124,462,377</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	9,609,112	9,609,112
Intergovernmental.....	-	880,211	880,211
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	25,823,815	4,521,065	30,344,880
Depreciable.....	<u>52,950,634</u>	<u>62,146,023</u>	<u>115,096,657</u>
	<u>78,774,449</u>	<u>77,156,411</u>	<u>155,930,860</u>
<b>TOTAL ASSETS.....</b>	<b><u>182,808,799</u></b>	<b><u>97,584,438</u></b>	<b><u>280,393,237</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension.....	1,572,955	176,405	1,749,360
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	1,571,146	2,535,317	4,106,463
Accrued liabilities.....	536,390	-	536,390
Accrued payroll.....	571,673	54,962	626,635
Accrued interest.....	520,615	418,700	939,315
Abandoned property.....	51,203	-	51,203
Other liabilities.....	-	84,354	84,354
Taxes paid in advance.....	138,332	-	138,332
Capital lease obligations.....	29,975	38,567	68,542
Landfill closure.....	-	76,000	76,000
Compensated absences.....	1,330,200	88,400	1,418,600
Bonds payable.....	<u>4,825,337</u>	<u>3,820,818</u>	<u>8,646,155</u>
	<u>9,574,871</u>	<u>7,117,118</u>	<u>16,691,989</u>
<b>NONCURRENT:</b>			
Capital lease obligations.....	146,915	89,357	236,272
Landfill closure.....	-	1,058,000	1,058,000
Compensated absences.....	501,449	53,233	554,682
Net pension liability.....	34,015,508	3,814,794	37,830,302
Other postemployment benefits.....	23,982,583	858,206	24,840,789
Bonds payable.....	<u>82,728,542</u>	<u>39,125,370</u>	<u>121,853,912</u>
	<u>141,374,997</u>	<u>44,998,960</u>	<u>186,373,957</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>150,949,868</u></b>	<b><u>52,116,078</u></b>	<b><u>203,065,946</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	58,009,621	30,168,211	88,177,832
Restricted for:			
Permanent funds:			
Nonexpendable.....	27,051	-	27,051
Expendable.....	286,604	-	286,604
Community preservation.....	7,593,169	-	7,593,169
Grants and Gifts.....	1,946,746	-	1,946,746
Debt service/capital outlay.....	5,112,685	-	5,112,685
Unrestricted.....	<u>(39,543,990)</u>	<u>15,476,554</u>	<u>(24,067,436)</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 33,431,886</u></b>	<b><u>\$ 45,644,765</u></b>	<b><u>\$ 79,076,651</u></b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 4,876,844	\$ 1,520,307	\$ 332,995	\$ -	\$ (3,023,542)
Public safety.....	13,092,547	1,416,540	599,277	-	(11,076,730)
Education.....	49,944,296	1,953,724	11,653,226	1,008,874	(35,328,472)
Public works.....	6,767,282	654,143	117,230	927,497	(5,068,412)
Human services.....	1,113,052	95,383	219,173	-	(798,496)
Culture and recreation.....	2,129,813	435,018	93,166	1,497,096	(104,533)
Community preservation.....	155,246	-	-	1,063,211	907,965
Interest.....	994,681	-	-	-	(994,681)
<b>Total Governmental Activities.....</b>	<b>79,073,761</b>	<b>6,075,115</b>	<b>13,015,067</b>	<b>4,496,678</b>	<b>(55,486,901)</b>
<i>Business-Type Activities:</i>					
Water.....	2,664,045	4,160,555	-	-	1,496,510
Sewer.....	3,188,094	1,386,987	213,160	-	(1,587,947)
Transfer Station.....	953,805	1,202,974	-	-	249,169
Widow's Walk Golf Course.....	1,004,683	1,255,771	-	-	251,088
Waterways.....	896,952	1,043,816	-	688,590	835,454
<b>Total Business-Type Activities.....</b>	<b>8,707,579</b>	<b>9,050,103</b>	<b>213,160</b>	<b>688,590</b>	<b>1,244,274</b>
<b>Total Primary Government.....</b>	<b>\$ 87,781,340</b>	<b>\$ 15,125,218</b>	<b>\$ 13,228,227</b>	<b>\$ 5,185,268</b>	<b>\$ (54,242,627)</b>

(Continued)

See notes to basic financial statements.



**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	(55,486,901)	1,244,274	(54,242,627)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	51,047,753	-	51,047,753
Tax liens.....	415,491	42,128	457,619
Motor vehicle and other excise taxes.....	3,026,616	40,363	3,066,979
Community preservation tax.....	1,201,728	-	1,201,728
Penalties and interest on taxes.....	446,774	-	446,774
Payments in lieu of taxes.....	19,601	-	19,601
Grants and contributions not restricted to specific programs.....	1,938,534	-	1,938,534
Unrestricted investment income.....	186,336	25,952	212,288
Miscellaneous.....	311,551	-	311,551
<i>Transfers, net.</i> .....	(111,635)	111,635	-
Total general revenues and transfers.....	58,482,749	220,078	58,702,827
Change in net position.....	2,995,848	1,464,352	4,460,200
<i>Net Position:</i>			
Beginning of year (as revised).....	30,436,038	44,180,413	74,616,451
End of year..... \$	33,431,886	45,644,765	79,076,651

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2015

	General	Community Preservation	Affordable Housing	Town Capital Projects
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 17,510,418	\$ 7,241,670	\$ 985,549	\$ 15,799,315
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	892,369	11,423	-	-
Tax liens.....	1,059,777	23,692	-	-
Motor vehicle and other excise taxes.....	191,599	-	-	-
Departmental and other.....	179,451	-	-	-
Special assessments.....	216,236	-	-	-
Intergovernmental.....	-	396,304	-	-
Tax foreclosures.....	310,451	-	-	-
Due from other funds.....	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 20,360,301</b>	<b>\$ 7,673,089</b>	<b>\$ 985,549</b>	<b>\$ 15,799,315</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 501,582	\$ 74,096	\$ -	\$ 233,237
Accrued liabilities.....	536,390	-	-	-
Accrued payroll.....	529,521	-	-	-
Abandoned property.....	51,203	-	-	-
Taxes paid in advance.....	132,508	5,824	-	-
Due to other funds.....	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>1,751,204</b>	<b>79,920</b>	<b>-</b>	<b>233,237</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	2,567,095	35,115	-	-
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	-	-
Restricted.....	5,649,548	7,558,054	985,549	15,566,078
Committed.....	2,083,919	-	-	-
Assigned.....	1,662,421	-	-	-
Unassigned.....	6,646,114	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>16,042,002</b>	<b>7,558,054</b>	<b>985,549</b>	<b>15,566,078</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 20,360,301</b>	<b>\$ 7,673,089</b>	<b>\$ 985,549</b>	<b>\$ 15,799,315</b>

See notes to basic financial statements.

Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 45,355,022	\$ 12,339,408	\$ 99,231,382
-	-	903,792
-	-	1,083,469
-	-	191,599
-	6,750	186,201
-	3,000	219,236
-	1,511,916	1,908,220
-	-	310,451
-	66,149	66,149
<u>\$ 45,355,022</u>	<u>\$ 13,927,223</u>	<u>\$ 104,100,499</u>
\$ 469,101	\$ 293,130	\$ 1,571,146
-	-	536,390
-	42,152	571,673
-	-	51,203
-	-	138,332
-	66,149	66,149
<u>469,101</u>	<u>401,431</u>	<u>2,934,893</u>
-	1,329,753	3,931,963
-	27,051	27,051
44,885,921	12,172,406	86,817,556
-	-	2,083,919
-	-	1,662,421
-	(3,418)	6,642,696
<u>44,885,921</u>	<u>12,196,039</u>	<u>97,233,643</u>
<u>\$ 45,355,022</u>	<u>\$ 13,927,223</u>	<u>\$ 104,100,499</u>

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

JUNE 30, 2015

Total governmental fund balances.....		\$ 97,233,643
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		78,774,449
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,931,963
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		1,572,955
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(520,615)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(87,553,879)	
Capital lease obligations.....	(176,890)	
Net pension liability.....	(34,015,508)	
Other postemployment benefits.....	(23,982,583)	
Compensated absences.....	<u>(1,831,649)</u>	
Net effect of reporting long-term liabilities.....		<u>(147,560,509)</u>
Net position of governmental activities.....		\$ <u><u>33,431,886</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	General	Community Preservation	Affordable Housing	Town Capital Projects
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 51,176,629	\$ -	\$ -	\$ -
Tax liens.....	406,612	8,879	-	-
Motor vehicle and other excise taxes.....	3,025,388	-	-	-
Penalties and interest on taxes.....	416,635	5,365	-	-
Fees and rentals.....	501,748	-	-	-
Licenses and permits.....	561,077	-	-	-
Fines and forfeitures.....	68,513	-	-	-
Intergovernmental.....	11,376,206	1,063,211	-	-
Departmental and other.....	1,192,815	-	-	-
Community Preservation surtax.....	-	1,203,127	-	-
Contributions.....	-	-	-	-
Investment income.....	154,088	19,636	7,551	-
<b>TOTAL REVENUES.....</b>	<b>68,879,711</b>	<b>2,300,218</b>	<b>7,551</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	2,817,201	-	11,295	-
Public safety.....	8,496,394	-	-	1,615,135
Education.....	34,316,537	-	-	-
Public works.....	4,770,286	-	-	442,838
Human services.....	633,738	-	-	-
Culture and recreation.....	1,029,128	-	-	-
Community preservation.....	-	1,819,538	-	-
Pension benefits.....	8,032,901	-	-	-
Employee benefits.....	5,757,387	-	-	-
State and county charges.....	499,806	-	-	-
Debt service:				
Principal.....	1,581,856	-	-	-
Principal - current refunding - payment to escrow agent.....	4,818,188	-	-	-
Interest.....	533,531	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>73,286,953</b>	<b>1,819,538</b>	<b>11,295</b>	<b>2,057,973</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(4,407,242)</b>	<b>480,680</b>	<b>(3,744)</b>	<b>(2,057,973)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of bonds and notes.....	-	-	-	16,688,000
Issuance of refunding bonds.....	4,205,000	-	-	-
Premium from issuance of bonds and notes.....	5,300,269	-	-	-
Premium from issuance of refunding bonds.....	613,188	-	-	-
Transfers in.....	883,414	-	-	225,000
Transfers out.....	(1,012,513)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>9,989,358</b>	<b>-</b>	<b>-</b>	<b>16,913,000</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>5,582,116</b>	<b>480,680</b>	<b>(3,744)</b>	<b>14,855,027</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>10,459,886</b>	<b>7,077,374</b>	<b>989,293</b>	<b>711,051</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 16,042,002</b>	<b>\$ 7,558,054</b>	<b>\$ 985,549</b>	<b>\$ 15,566,078</b>

See notes to basic financial statements.

	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$	-	\$ -	\$ 51,176,629
	-	-	415,491
	-	-	3,025,388
	-	-	422,000
	-	3,100	504,848
	-	251,310	812,387
	-	-	68,513
	1,004,122	4,600,585	18,044,124
	-	3,873,814	5,066,629
	-	-	1,203,127
	-	696,070	696,070
	-	5,061	186,336
	<u>1,004,122</u>	<u>9,429,940</u>	<u>81,621,542</u>
	-	955,878	3,784,374
	-	838,264	10,949,793
	2,543,201	4,788,995	41,648,733
	-	639,688	5,852,812
	-	167,005	800,743
	-	1,222,511	2,251,639
	-	-	1,819,538
	-	-	8,032,901
	-	-	5,757,387
	-	-	499,806
	-	-	1,581,856
	-	-	4,818,188
	-	-	533,531
	<u>2,543,201</u>	<u>8,612,341</u>	<u>88,331,301</u>
	<u>(1,539,079)</u>	<u>817,599</u>	<u>(6,709,759)</u>
	46,425,000	5,145,000	68,258,000
	-	-	4,205,000
	-	-	5,300,269
	-	-	613,188
	-	1,022,635	2,131,049
	-	(1,230,171)	(2,242,684)
	<u>46,425,000</u>	<u>4,937,464</u>	<u>78,264,822</u>
	44,885,921	5,755,063	71,555,063
	-	6,440,976	25,678,580
\$	<u>44,885,921</u>	<u>\$ 12,196,039</u>	<u>\$ 97,233,643</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, 2015

Net change in fund balances - total governmental funds.....		\$ 71,555,063
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	9,252,829	
Depreciation expense.....	<u>(3,572,345)</u>	
Net effect of reporting capital assets.....		5,680,484
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		559,702
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Capital lease payments.....	29,358	
Issuance of bonds and notes.....	(68,258,000)	
Issuance of refunding bonds.....	(4,205,000)	
Premium from issuance of bonds and notes.....	(5,300,269)	
Premium from issuance of refunding bonds.....	(613,188)	
Debt service principal payments.....	1,581,856	
Debt service principal payments - current refunding.....	<u>4,818,188</u>	
Net effect of reporting long-term debt.....		(71,947,055)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(58,303)	
Net change in accrued interest on long-term debt.....	(461,150)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	1,572,955	
Net change in net pension liability.....	(1,573,072)	
Net change in other postemployment benefit accrual.....	<u>(2,332,776)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(2,852,346)</u>
Change in net position of governmental activities.....		<u>\$ 2,995,848</u>

See notes to basic financial statements.



**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2015

	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.....	\$ 11,896,572	\$ 2,592,187	\$ 1,136,944	\$ 116,282	\$ 1,180,473	\$ 16,922,458
Receivables, net of allowance for uncollectibles:						
User fees.....	1,757,665	465,485	-	-	-	2,223,150
Water and sewer liens.....	61,392	89,788	-	-	-	151,180
Special assessments.....	-	769,413	-	-	-	769,413
Intergovernmental.....	-	325,700	-	-	-	325,700
Inventory.....	-	-	-	36,126	-	36,126
Total current assets.....	<u>13,715,629</u>	<u>4,242,573</u>	<u>1,136,944</u>	<u>152,408</u>	<u>1,180,473</u>	<u>20,428,027</u>
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	9,609,112	-	-	-	9,609,112
Intergovernmental.....	-	880,211	-	-	-	880,211
Capital assets, net of accumulated depreciation:						
Nondepreciable.....	751,538	-	-	-	3,769,527	4,521,065
Depreciable.....	<u>20,504,040</u>	<u>35,065,850</u>	<u>1,401,166</u>	<u>2,012,561</u>	<u>3,162,406</u>	<u>62,146,023</u>
Total noncurrent assets.....	<u>21,255,578</u>	<u>45,555,173</u>	<u>1,401,166</u>	<u>2,012,561</u>	<u>6,931,933</u>	<u>77,156,411</u>
<b>TOTAL ASSETS.....</b>	<b><u>34,971,207</u></b>	<b><u>49,797,746</u></b>	<b><u>2,538,110</u></b>	<b><u>2,164,969</u></b>	<b><u>8,112,406</u></b>	<b><u>97,584,438</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pension.....	71,715	40,256	21,604	15,644	27,186	176,405
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	2,435,187	22,979	63,481	8,212	5,458	2,535,317
Accrued payroll.....	20,977	11,685	5,946	7,076	9,278	54,962
Accrued interest.....	122,705	245,402	5,818	9,800	34,975	418,700
Other liabilities.....	-	-	-	84,354	-	84,354
Capital lease obligations.....	-	-	-	38,567	-	38,567
Landfill closure.....	-	-	76,000	-	-	76,000
Compensated absences.....	41,900	21,100	18,000	-	7,400	88,400
Bonds payable.....	<u>1,072,007</u>	<u>2,012,811</u>	<u>51,000</u>	<u>360,000</u>	<u>325,000</u>	<u>3,820,818</u>
Total current liabilities.....	<u>3,692,776</u>	<u>2,313,977</u>	<u>220,245</u>	<u>508,009</u>	<u>382,111</u>	<u>7,117,118</u>
<b>NONCURRENT:</b>						
Capital lease obligations.....	-	-	-	89,357	-	89,357
Landfill closure.....	-	-	1,058,000	-	-	1,058,000
Compensated absences.....	22,303	10,557	15,415	-	4,958	53,233
Net pension liability.....	1,550,858	870,544	467,182	338,315	587,895	3,814,794
Other postemployment benefits.....	446,985	153,758	144,923	30,786	81,754	858,206
Bonds payable.....	<u>18,757,681</u>	<u>17,123,689</u>	<u>384,000</u>	<u>375,000</u>	<u>2,485,000</u>	<u>39,125,370</u>
Total noncurrent liabilities.....	<u>20,777,827</u>	<u>18,158,548</u>	<u>2,069,520</u>	<u>833,458</u>	<u>3,159,607</u>	<u>44,998,960</u>
<b>TOTAL LIABILITIES.....</b>	<b><u>24,470,603</u></b>	<b><u>20,472,525</u></b>	<b><u>2,289,765</u></b>	<b><u>1,341,467</u></b>	<b><u>3,541,718</u></b>	<b><u>52,116,078</u></b>
<b>NET POSITION</b>						
Net investment in capital assets.....	7,512,045	16,239,540	969,666	1,149,637	4,297,323	30,168,211
Unrestricted.....	<u>3,060,274</u>	<u>13,125,937</u>	<u>(699,717)</u>	<u>(310,491)</u>	<u>300,551</u>	<u>15,476,554</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$ 10,572,319</u></b>	<b><u>\$ 29,365,477</u></b>	<b><u>\$ 269,949</u></b>	<b><u>\$ 839,146</u></b>	<b><u>\$ 4,597,874</u></b>	<b><u>\$ 45,644,765</u></b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
<b>OPERATING REVENUES:</b>						
Charges for services.....	\$ 4,149,205	\$ 958,827	\$ 1,202,974	\$ 1,255,771	\$ 887,842	\$ 8,454,619
Other.....	-	-	-	-	155,974	155,974
<b>TOTAL OPERATING REVENUES.....</b>	<b>4,149,205</b>	<b>958,827</b>	<b>1,202,974</b>	<b>1,255,771</b>	<b>1,043,816</b>	<b>8,610,593</b>
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	1,723,180	1,445,931	856,087	782,504	466,317	5,274,019
Depreciation.....	644,169	1,053,937	78,486	190,479	308,459	2,275,530
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,367,349</b>	<b>2,499,868</b>	<b>934,573</b>	<b>972,983</b>	<b>774,776</b>	<b>7,549,549</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,781,856</b>	<b>(1,541,041)</b>	<b>268,401</b>	<b>282,788</b>	<b>269,040</b>	<b>1,061,044</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income/(loss).....	14,250	6,500	2,443	40	2,719	25,952
Interest expense.....	(296,696)	(688,226)	(19,232)	(31,700)	(122,176)	(1,158,030)
Intergovernmental.....	-	213,160	-	-	-	213,160
Boat excise taxes.....	-	-	-	-	40,363	40,363
Penalties and interest.....	24,549	457,089	-	-	-	481,638
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(257,897)</b>	<b>(11,477)</b>	<b>(16,789)</b>	<b>(31,660)</b>	<b>(79,094)</b>	<b>(396,917)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>1,523,959</b>	<b>(1,552,518)</b>	<b>251,612</b>	<b>251,128</b>	<b>189,946</b>	<b>664,127</b>
<b>TRANSFERS:</b>						
Transfers in.....	29,162	660,974	104,003	-	10,536	804,675
Transfers out.....	(257,529)	(187,777)	(132,362)	(59,391)	(55,981)	(693,040)
<b>TOTAL TRANSFERS.....</b>	<b>(228,367)</b>	<b>473,197</b>	<b>(28,359)</b>	<b>(59,391)</b>	<b>(45,445)</b>	<b>111,635</b>
<b>CAPITAL CONTRIBUTIONS:</b>						
Capital contributions.....	-	-	-	-	688,590	688,590
<b>CHANGE IN NET POSITION.....</b>	<b>1,295,592</b>	<b>(1,079,321)</b>	<b>223,253</b>	<b>191,737</b>	<b>833,091</b>	<b>1,464,352</b>
<b>NET POSITION AT BEGINNING OF YEAR (as revised)....</b>	<b>9,276,727</b>	<b>30,444,798</b>	<b>46,696</b>	<b>647,409</b>	<b>3,764,783</b>	<b>44,180,413</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 10,572,319</b>	<b>\$ 29,365,477</b>	<b>\$ 269,949</b>	<b>\$ 839,146</b>	<b>\$ 4,597,874</b>	<b>\$ 45,644,765</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	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.....	\$ 3,693,431	\$ 1,467,800	\$ 1,202,974	\$ 1,255,771	\$ 1,043,816	\$ 8,663,792
Payments to vendors.....	(927,952)	(1,011,776)	(657,766)	(635,925)	(188,103)	(3,421,522)
Payments to employees.....	(761,552)	(427,482)	(229,410)	(166,131)	(288,686)	(1,873,261)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>2,003,927</b>	<b>28,542</b>	<b>315,798</b>	<b>453,715</b>	<b>567,027</b>	<b>3,369,009</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	29,162	660,974	104,003	-	10,536	804,675
Transfers out.....	(257,529)	(187,777)	(132,362)	(59,391)	(55,981)	(693,040)
Boat excise taxes.....	-	-	-	-	40,363	40,363
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(228,367)</b>	<b>473,197</b>	<b>(28,359)</b>	<b>(59,391)</b>	<b>(5,082)</b>	<b>151,998</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds.....	14,400,000	-	-	-	-	14,400,000
Premium from the issuance of bonds and notes.....	1,140,422	-	-	-	-	1,140,422
Acquisition and construction of capital assets.....	(5,869,476)	(85,461)	(15,921)	-	(228,824)	(6,199,682)
Principal payments on bonds and notes.....	(7,661,000)	(2,281,142)	(51,000)	(345,000)	(325,000)	(10,663,142)
Interest expense.....	(225,784)	(713,554)	(19,887)	(36,300)	(126,079)	(1,121,604)
Capital contributions.....	-	2,735,803	-	-	-	2,735,803
Capital lease payments.....	-	-	-	(32,318)	-	(32,318)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>1,784,162</b>	<b>(344,354)</b>	<b>(86,808)</b>	<b>(413,618)</b>	<b>(679,903)</b>	<b>259,479</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	14,250	6,500	2,443	40	2,719	25,952
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>3,573,972</b>	<b>163,885</b>	<b>203,074</b>	<b>(19,254)</b>	<b>(115,239)</b>	<b>3,806,438</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>8,322,600</b>	<b>2,428,302</b>	<b>933,870</b>	<b>135,536</b>	<b>1,295,712</b>	<b>13,116,020</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 11,896,572</b>	<b>\$ 2,592,187</b>	<b>\$ 1,136,944</b>	<b>\$ 116,282</b>	<b>\$ 1,180,473</b>	<b>\$ 16,922,458</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ 1,781,856	\$ (1,541,041)	\$ 268,401	\$ 282,788	\$ 269,040	\$ 1,061,044
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	644,169	1,053,937	78,486	190,479	308,459	2,275,530
Receipts from users penalties and interest.....	24,549	457,089	-	-	-	481,638
Deferred (outflows)/inflows related to pensions.....	(71,715)	(40,256)	(21,604)	(15,644)	(27,186)	(176,405)
Changes in assets and liabilities:						
Water and sewer liens.....	(10,096)	(5,784)	-	-	-	(15,880)
User fees.....	(470,227)	57,668	-	-	-	(412,559)
Inventory.....	-	-	-	4,737	-	4,737
Warrants payable.....	(32,836)	(31,191)	1,756	(29,988)	(10,729)	(102,988)
Accrued liabilities.....	-	-	-	402	-	402
Accrued payroll.....	20,977	11,685	5,946	7,076	9,278	54,962
Landfill closure.....	-	-	(54,000)	-	-	(54,000)
Accrued compensated absences.....	(7,206)	15,444	4,264	-	(17,186)	(4,684)
Net pension liability.....	71,721	40,259	21,605	15,646	27,187	176,418
Other postemployment benefits.....	52,735	10,732	10,944	(1,781)	8,164	80,794
<b>Total adjustments.....</b>	<b>222,071</b>	<b>1,569,583</b>	<b>47,397</b>	<b>170,927</b>	<b>297,987</b>	<b>2,307,965</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 2,003,927</b>	<b>\$ 28,542</b>	<b>\$ 315,798</b>	<b>\$ 453,715</b>	<b>\$ 567,027</b>	<b>\$ 3,369,009</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Amortization of debt premium.....	\$ 13,485	\$ -	\$ -	\$ -	\$ -	\$ 13,485
Intergovernmental subsidy of debt service - principal.....	-	224,464	-	-	-	224,464
Intergovernmental subsidy of debt service - interest.....	-	227,281	-	-	-	227,281
Noncash capital contributions.....	-	-	-	-	688,590	688,590

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 386,515	\$ 293,129	\$ 914,428
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	100,788
<b>TOTAL ASSETS.....</b>	<b>386,515</b>	<b>293,129</b>	<b>1,015,216</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	12,911
Accrued liabilities.....	-	-	17,045
Liabilities due depositors.....	-	-	955,260
Other liabilities.....	-	-	30,000
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>1,015,216</b>
<b>NET POSITION</b>			
Held in trust for OPEB and other purposes.....	\$ 386,515	\$ 293,129	\$ -

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2015

	Other Postemployment Benefits Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 76,723	\$ -
Private donations.....	-	73,245
Miscellaneous.....	10,559	-
Total contributions.....	<u>87,282</u>	<u>73,245</u>
Net investment income (loss):		
Interest.....	2,681	976
TOTAL ADDITIONS.....	<u>89,963</u>	<u>74,221</u>
<u>DEDUCTIONS:</u>		
Educational scholarships.....	-	16,825
CHANGE IN NET POSITION.....	89,963	57,396
NET POSITION AT BEGINNING OF YEAR.....	<u>296,552</u>	<u>235,733</u>
NET POSITION AT END OF YEAR.....	<u>\$ 386,515</u>	<u>\$ 293,129</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 2015 assessment was \$461,209. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, MA 02339.

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

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

***Fund Financial Statements***

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

*Major Fund Criteria*

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding elements (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding elements for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

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

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

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

*Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

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

The *affordable housing fund* is used to account for funds associated with the Town's affordable housing program, which 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. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

##### ***Real Estate Taxes, Personal Property Taxes and Tax Liens***

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

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

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

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

##### ***Motor Vehicle and Other Excise Taxes***

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

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

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

##### ***User Fees***

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

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

***Departmental and Other***

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

***Special Assessments***

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

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

***Intergovernmental***

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

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

**F. Inventories*****Government-Wide and Fund Financial Statements***

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

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

**G. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

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

All purchases in excess of \$5,000 are capitalized at the date of acquisition with expected useful life of greater than two 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 Useful Life (in years)</u>
Structure and improvements.....	20-50
Buildings.....	30-40
Machinery and equipment.....	3-10
Infrastructure.....	20-50

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

*Governmental Fund Financial Statements*

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

H. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

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

*Governmental Fund Financial Statements*

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

I. Unavailable Revenue

*Fund Financial Statements*

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the

modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements. Unavailable revenue consisted of taxes billed not yet received and grant awards related to expenditure driven grants in which the grant requirements have not been met.

#### J. Interfund Receivables and Payables

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

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

#### K. Interfund Transfers

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

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

#### L. Net Position and Fund Equity

##### *Government-Wide Financial Statements (Net Position)*

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

Net position has been "restricted for" the following:

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

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

“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.

“Debt service/capital outlay” represents debt premiums that are legally restricted for capital appropriations and to reduce future debt service costs over the life of the applicable loans.

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

#### *Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

the Town's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

#### M. 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.

#### N. 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.

#### O. 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).

#### P. 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.

### Q. 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.

### R. Individual Fund Deficits

An individual fund deficit exists in the School Lunch fund. This deficit will be funded through available funds in the future years.

### S. 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.

### 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 \$117,747,912 and the bank balance totaled \$118,988,251. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$15,542,757 was covered by the Depositors Insurance Fund, \$89,317,907 was covered by the Share Insurance Fund, \$6,837,726 was collateralized, and \$4,789,861 was uninsured and uncollateralized.

### 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, 2015, the Town does not have custodial credit risk for its investments.

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, and bank deposits.

Concentration of Credit Risk

The Town’s investment policy allows the treasurer to invest an unlimited amount in MMDT, US Treasury Obligations, US Agency Obligations or bank accounts and CD’s with final maturity no greater than one year from date of purchase and they are fully collateralized or covered by FDIC, DIF or SIF insurance. The Treasurer may invest in uninsured or unsecured bank accounts or CD’s with a maturity of no greater than one year from the date of purchase, however the uninsured portion at any one institution cannot exceed 5% of the institution’s total deposits reflected on the bank’s last filed FDIC Call Report and no more than 35% of the Town’s funds may be held in uninsured accounts.

**NOTE 3 – RECEIVABLES**

At June 30, 2015, receivables for the individual major governmental funds, nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 950,163	\$ (46,371)	\$ 903,792
Tax liens.....	1,083,469	-	1,083,469
Motor vehicle and other excise taxes.....	212,123	(20,524)	191,599
Departmental and other.....	767,879	(581,678)	186,201
Special assessments.....	219,236	-	219,236
Intergovernmental.....	1,908,220	-	1,908,220
Total.....	<u>\$ 5,141,090</u>	<u>\$ (648,573)</u>	<u>\$ 4,492,517</u>

At June 30, 2015, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 2,223,150	-	\$ 2,223,150
Water and sewer liens.....	151,180	-	151,180
Special assessments.....	769,413	-	769,413
Intergovernmental.....	325,700	-	325,700
Total.....	<u>\$ 3,469,443</u>	<u>\$ -</u>	<u>\$ 3,469,443</u>

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

	General Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes.....	\$ 609,581	\$ 11,423	\$ -	\$ 621,004
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.....	-	-	1,320,003	1,320,003
Tax foreclosures.....	310,451	-	-	310,451
<b>Total.....</b>	<b>\$ 2,567,095</b>	<b>\$ 35,115</b>	<b>\$ 1,329,753</b>	<b>\$ 3,931,963</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,048,940	\$ 2,048,022	\$ -	\$ 21,096,962
Construction in progress.....	2,192,428	4,679,107	(2,144,682)	4,726,853
<b>Total capital assets not being depreciated.....</b>	<b>21,241,368</b>	<b>6,727,129</b>	<b>(2,144,682)</b>	<b>25,823,815</b>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,341,143	302,179	-	3,643,322
Buildings and building improvements.....	46,608,397	843,751	-	47,452,148
Machinery and equipment.....	9,357,193	275,145	-	9,632,338
Infrastructure.....	25,388,806	1,901,281	-	27,290,087
Vehicles.....	6,041,712	1,348,026	(337,875)	7,051,863
<b>Total capital assets being depreciated.....</b>	<b>90,737,251</b>	<b>4,670,382</b>	<b>(337,875)</b>	<b>95,069,758</b>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(745,829)	(128,436)	-	(874,265)
Buildings and building improvements.....	(14,012,229)	(1,391,753)	-	(15,403,982)
Machinery and equipment.....	(7,330,914)	(541,708)	-	(7,872,622)
Infrastructure.....	(12,435,130)	(1,068,181)	-	(13,503,311)
Vehicles.....	(4,360,552)	(442,267)	337,875	(4,464,944)
<b>Total accumulated depreciation.....</b>	<b>(38,884,654)</b>	<b>(3,572,345)</b>	<b>337,875</b>	<b>(42,119,124)</b>
<b>Total capital assets being depreciated, net.....</b>	<b>51,852,597</b>	<b>1,098,037</b>	<b>-</b>	<b>52,950,634</b>
<b>Total governmental activities capital assets, net.....</b>	<b>\$ 73,093,965</b>	<b>\$ 7,825,166</b>	<b>\$ (2,144,682)</b>	<b>\$ 78,774,449</b>

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 2,144,140	\$ 751,538	\$ (2,144,140)	\$ 751,538
Total capital assets not being depreciated.....	2,144,140	751,538	(2,144,140)	751,538
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	9,500	-	-	9,500
Machinery and equipment.....	532,442	149,213	-	681,655
Infrastructure.....	23,769,610	8,442,503	-	32,212,113
Vehicles.....	350,296	29,777	-	380,073
Total capital assets being depreciated.....	24,661,848	8,621,493	-	33,283,341
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(3,004)	(238)	-	(3,242)
Machinery and equipment.....	(192,535)	(52,121)	-	(244,656)
Infrastructure.....	(11,742,835)	(561,088)	-	(12,303,923)
Vehicles.....	(196,758)	(30,722)	-	(227,480)
Total accumulated depreciation.....	(12,135,132)	(644,169)	-	(12,779,301)
Total capital assets being depreciated, net.....	12,526,716	7,977,324	-	20,504,040
Total water capital assets, net.....	\$ 14,670,856	\$ 8,728,862	\$ (2,144,140)	\$ 21,255,578
<b>Sewer:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	9,771,131	12,861	-	9,783,992
Machinery and equipment.....	7,912,146	25,284	-	7,937,430
Vehicles.....	202,382	-	-	202,382
Infrastructure.....	31,917,887	47,316	-	31,965,203
Total capital assets being depreciated.....	49,803,546	85,461	-	49,889,007
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(5,086,234)	(196,066)	-	(5,282,300)
Machinery and equipment.....	(3,444,460)	(162,268)	-	(3,606,728)
Infrastructure.....	(5,093,895)	(656,071)	-	(5,749,966)
Vehicles.....	(144,631)	(39,532)	-	(184,163)
Total accumulated depreciation.....	(13,769,220)	(1,053,937)	-	(14,823,157)
Total sewer capital assets, net.....	\$ 36,034,326	\$ (968,476)	\$ -	\$ 35,065,850

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Transfer Station:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	\$ 2,221,043	\$ -	\$ -	\$ 2,221,043
Machinery and equipment.....	579,831	15,921	-	595,752
Vehicles.....	17,585	-	-	17,585
	<u>2,818,459</u>	<u>15,921</u>	<u>-</u>	<u>2,834,380</u>
 <u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(968,332)	(48,848)	-	(1,017,180)
Machinery and equipment.....	(368,811)	(29,638)	-	(398,449)
Vehicles.....	(17,585)	-	-	(17,585)
	<u>(1,354,728)</u>	<u>(78,486)</u>	<u>-</u>	<u>(1,433,214)</u>
Total transfer station capital assets, net.....	<u>\$ 1,463,731</u>	<u>\$ (62,565)</u>	<u>\$ -</u>	<u>\$ 1,401,166</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Widows Walk Golf Course:</b>				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 3,867,632	\$ -	\$ -	\$ 3,867,632
Buildings and building improvements.....	931,176	-	-	931,176
Machinery and equipment.....	1,272,055	68,618	-	1,340,673
	<u>6,070,863</u>	<u>68,618</u>	<u>-</u>	<u>6,139,481</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,460,188)	(105,671)	-	(2,565,859)
Buildings and building improvements.....	(387,885)	(23,279)	-	(411,164)
Machinery and equipment.....	(1,088,368)	(61,529)	-	(1,149,897)
	<u>(3,936,441)</u>	<u>(190,479)</u>	<u>-</u>	<u>(4,126,920)</u>
Total Widow's Walk golf course capital assets, net.....	<u>\$ 2,134,422</u>	<u>\$ (121,861)</u>	<u>\$ -</u>	<u>\$ 2,012,561</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Waterways:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,675,000	\$ -	\$ -	\$ 3,675,000
Construction in progress.....	-	94,527	-	94,527
Total capital assets not being depreciated.....	<u>3,675,000</u>	<u>94,527</u>	<u>-</u>	<u>3,769,527</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,260,646	774,436	-	5,035,082
Buildings and building improvements.....	955,686	-	-	955,686
Machinery and equipment.....	1,628,863	48,451	-	1,677,314
Total capital assets being depreciated.....	<u>6,845,195</u>	<u>822,887</u>	<u>-</u>	<u>7,668,082</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,004,419)	(196,366)	-	(3,200,785)
Buildings and building improvements.....	(251,898)	(25,056)	-	(276,954)
Machinery and equipment.....	(940,900)	(87,037)	-	(1,027,937)
Total accumulated depreciation.....	<u>(4,197,217)</u>	<u>(308,459)</u>	<u>-</u>	<u>(4,505,676)</u>
Total capital assets being depreciated, net.....	<u>2,647,978</u>	<u>514,428</u>	<u>-</u>	<u>3,162,406</u>
Total waterways capital assets, net.....	<u>\$ 6,322,978</u>	<u>\$ 608,955</u>	<u>\$ -</u>	<u>\$ 6,931,933</u>

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

**Governmental Activities:**

General government.....	\$ 141,314
Public safety.....	306,089
Education.....	1,426,087
Public works.....	1,453,371
Human services.....	14,435
Culture and recreation.....	202,060
Community preservation.....	<u>28,989</u>

Total depreciation expense - governmental activities..... \$ 3,572,345

**Business-Type Activities:**

Water.....	\$ 644,169
Sewer.....	1,053,937
Transfer Station.....	78,486
Widow's Walk Golf Course.....	190,479
Waterways.....	<u>308,459</u>

Total depreciation expense - business-type activities..... \$ 2,275,530

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

At June 30, 2015, the Town has interfund receivables/payables which exist between the Town gifts and grants fund and school lunch fund totaling \$15,158 and the Town gifts and grants fund and the highway improvements

fund totaling \$50,991. The purpose of these balances is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Town Capital Projects	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Transfer Station Enterprise Fund	Waterways Enterprise Fund	
General Fund.....	\$ -	\$ 225,000	\$ 26,539	\$ -	\$ 660,974	\$ 100,000	\$ -	\$ 1,012,513 (1)
Nonmajor Governmental Funds.....	190,374	-	996,096	29,162	-	4,003	10,536	1,230,171 (2)
Water Enterprise Fund.....	257,529	-	-	-	-	-	-	257,529 (3)
Sewer Enterprise Fund.....	187,777	-	-	-	-	-	-	187,777 (3)
Transfer Station Enterprise Fund.....	132,362	-	-	-	-	-	-	132,362 (3)
Widow's Walk Golf Course Enterprise Fund.....	59,391	-	-	-	-	-	-	59,391 (3)
Waterways Enterprise Fund.....	55,981	-	-	-	-	-	-	55,981 (3)
Total.....	\$ 883,414	\$ 225,000	\$ 1,022,635	\$ 29,162	\$ 660,974	\$ 104,003	\$ 10,536	\$ 2,935,724

- (1) Represents budget transfers from the general fund to Town capital projects to pay down a bond anticipation note; nonmajor governmental funds for excess cable funds; and enterprise funds for debt subsidies.
- (2) Represents budgeted transfers into the general fund from nonmajor governmental funds, Title V and Town revolving funds. Also represents transfers into general fund from the Town revolving funds; transfer to the library renovation fund from Town gifts and grants; transfers to the water and transfer station enterprise funds from Town revolving fund; and a transfer to the waterways enterprise fund from Town gifts and grants.
- (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 3 school buses, as well as equipment and golf carts for the Widow’s Walk golf course, an enterprise fund of the Town. The lease agreements 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:

Asset:	Governmental Activities	Business-Type Activities
Machinery and equipment.....	\$ -	\$ 493,334
Vehicles.....	239,937	-
Less: accumulated depreciation.....	(71,981)	(354,214)
Total.....	\$ 167,956	\$ 139,120

Future minimum lease payments under capitalized leases consist of the following at June 30, 2015:

Years Ending June 30	Governmental Activities	Business-Type Activities
2016.....	\$ 33,690	\$ 45,011
2017.....	150,000	36,921
2018.....	-	28,983
2019.....	-	23,679
2020.....	-	7,779
Total minimum lease payments.....	183,690	142,373
Less: amounts representing interest.....	<u>(6,800)</u>	<u>(14,449)</u>
Present value of minimum lease payments.....	<u>\$ 176,890</u>	<u>\$ 127,924</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, 2015, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
<i>Governmental Funds</i>							
BAN	Facilities Design/Engineering Services...	0.45	09/26/14	\$ 225,000	\$ -	\$ (225,000)	-
BAN	General Purpose.....	0.75	09/26/14	1,100,000	-	(1,100,000)	-
BAN	General Purpose.....	0.75	03/27/15	-	1,843,000	(1,843,000)	-
BAN	General Purpose.....	0.75	06/30/15	-	1,843,000	(1,843,000)	-
Total Governmental.....				<u>\$ 1,325,000</u>	<u>\$ 3,686,000</u>	<u>\$ (5,011,000)</u>	<u>\$ -</u>

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
<i>Enterprise Funds</i>							
BAN	Waterpipe Renovations.....	0.75	09/26/14	\$ 7,200,000	\$ -	\$ (7,200,000)	\$ -
BAN	Waterpipe Renovations.....	0.75	03/27/15	-	7,200,000	(7,200,000)	-
BAN	Waterpipe Renovations.....	0.75	06/30/15	-	7,200,000	(7,200,000)	-
	Subtotal Water.....			<u>7,200,000</u>	<u>14,400,000</u>	<u>(21,600,000)</u>	<u>-</u>
BAN	Sewer Extension.....	0.45	09/26/14	311,000	-	(311,000)	-
BAN	Sewer Extension.....	0.75	03/27/15	-	311,000	(311,000)	-
	Subtotal Sewer.....			<u>311,000</u>	<u>311,000</u>	<u>(622,000)</u>	<u>-</u>
	Total Enterprise.....			<u>\$ 7,511,000</u>	<u>\$ 14,711,000</u>	<u>\$ (22,222,000)</u>	<u>\$ -</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, 2015, 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, 2014	Issued	Redeemed	Outstanding at June 30, 2015
General Obligation Bonds of 2000.....	2019	\$ 123,432	4.00 - 5.00	\$ 34,278	\$ -	\$ (6,856)	\$ 27,422
General Obligation Bonds of 2005.....	2025	12,279,000	3.00 - 5.00	6,465,000	-	(5,315,000)	1,150,000
General Obligation Bonds of 2008.....	2026	11,491,500	3.00 - 5.00	2,130,000	-	(230,000)	1,900,000
General Obligation Bonds of 2011.....	2031	3,245,470	3.00 - 5.00	2,005,000	-	(350,000)	1,655,000
General Obligation Bonds of 2013.....	2033	5,262,021	2.00 - 2.75	4,850,000	-	(405,000)	4,445,000
General Obligation Refunding Bonds of 2015.....	2025	4,205,000	4.00 - 5.00	-	4,205,000	-	4,205,000
General Obligation Bonds of 2015.....	2040	68,258,000	2.00 - 5.00	-	68,258,000	-	68,258,000
Subtotal.....				15,484,278	72,463,000	(6,306,856)	81,640,422
Unamortized Premiums on Bonds.....				-	5,913,457	-	5,913,457
Total Governmental Bonds Payable.....				<u>\$ 15,484,278</u>	<u>\$ 78,376,457</u>	<u>\$ (6,306,856)</u>	<u>\$ 87,553,879</u>

In order to take advantage of favorable interest rates, the Town issued \$4,819,578 of general obligation refunding bonds on June 29, 2015. The proceeds of the refunding bonds were paid to the escrow agent and used to complete a current refunding of existing debt at the call date. The refunded bonds totaled \$4,725,000 and became callable on September 15, 2015. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$413,796 and a reduction of \$481,900 in future debt service payments.



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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 4,459,856	\$ 2,652,200	\$ 7,112,056
2017.....	4,351,856	3,227,011	7,578,867
2018.....	4,156,855	3,045,252	7,202,107
2019.....	4,011,855	2,867,384	6,879,239
2020.....	3,915,000	2,695,537	6,610,537
2021.....	3,885,000	2,510,738	6,395,738
2022.....	3,860,000	2,327,052	6,187,052
2023.....	3,850,000	2,145,360	5,995,360
2024.....	3,770,000	1,964,819	5,734,819
2025.....	3,695,000	1,786,939	5,481,939
2026.....	3,060,000	1,625,354	4,685,354
2027.....	2,905,000	1,480,342	4,385,342
2028.....	2,895,000	1,355,015	4,250,015
2029.....	2,895,000	1,242,817	4,137,817
2030.....	2,900,000	1,130,460	4,030,460
2031.....	2,890,000	1,017,788	3,907,788
2032.....	2,840,000	905,051	3,745,051
2033.....	2,820,000	796,662	3,616,662
2034.....	2,640,000	686,400	3,326,400
2035.....	2,640,000	580,800	3,220,800
2036.....	2,640,000	475,200	3,115,200
2037.....	2,640,000	369,600	3,009,600
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.....	\$ <u>81,640,422</u>	\$ <u>37,362,981</u>	\$ <u>119,003,403</u>

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
<b>Water:</b>							
General Obligation Bonds of 2005.....	2025	1,660,000	3.00 - 5.00	\$ 521,000	\$ -	\$ (101,000)	\$ 420,000
General Obligation Bonds of 2008.....	2017	50,000	3.00 - 5.00	15,000	-	(5,000)	10,000
General Obligation Bonds of 2011.....	2031	4,147,000	3.00 - 5.00	3,380,000	-	(245,000)	3,135,000
General Obligation Bonds of 2013.....	2033	855,493	2.00 - 2.75	725,000	-	(110,000)	615,000
General Obligation Bonds of 2015.....	2036	14,400,000	2.00 - 2.75	-	14,400,000	-	14,400,000
Subtotal water bonds payable.....				4,641,000	14,400,000	(461,000)	18,580,000
Unamortized premium on bonds.....				109,266	1,153,907	(13,485)	1,249,688
Total water bonds payable.....				4,750,266	15,553,907	(474,485)	19,829,688
<b>Sewer:</b>							
MCWT CW-02-22A.....	2024	\$ 1,288,256	2.00	811,576	-	(74,050)	737,526
MCWT CW-04-38.....	2026	3,554,137	2.00	2,508,422	-	(186,815)	2,321,607
MCWT CW-04-38-A.....	2026	929,694	2.00	685,855	-	(51,079)	634,776
MCWT Pool 10.....	2021	11,253,992	2.50 - 5.25	4,827,748	-	(852,101)	3,975,647
MCWT CW-02-22.....	2024	4,557,209	0.00	3,019,468	-	(250,959)	2,768,509
General Obligation Bonds of 2005.....	2025	3,046,000	3.00 - 5.00	1,663,000	-	(153,000)	1,510,000
General Obligation Bonds of 2008.....	2024	800,000	3.00 - 5.00	500,000	-	(50,000)	450,000
General Obligation Bonds of 2011.....	2031	1,310,041	3.00 - 5.00	1,080,000	-	(70,000)	1,010,000
MCWT CWS-09-06.....	2033	348,667	2.00	334,563	-	(14,410)	320,153
General Obligation Bonds of 2015.....	2033	569,486	2.00 - 2.75	505,000	-	(45,000)	460,000
MCWT CW-10-25.....	2033	5,389,000	2.00	5,171,010	-	(222,728)	4,948,282
Subtotal sewer bonds payable.....				21,106,642	-	(1,970,142)	19,136,500
<b>Transfer Station:</b>							
General Obligation Bonds of 2005.....	2025	746,000	3.00 - 5.00	396,000	-	(36,000)	360,000
General Obligation Bonds of 2011.....	2020	150,000	3.00 - 5.00	90,000	-	(15,000)	75,000
Subtotal transfer station bonds payable.....				486,000	-	(51,000)	435,000
<b>Widow's Walk Golf Course:</b>							
General Obligation Bonds of 2004.....	2017	3,755,000	2.00 - 4.00	1,080,000	-	(345,000)	735,000
<b>Waterways:</b>							
General Obligation Bonds of 2005.....	2024	4,175,000	3.00 - 5.00	2,195,000	-	(220,000)	1,975,000
General Obligation Bonds of 2008.....	2023	564,500	3.00 - 5.00	250,000	-	(35,000)	215,000
General Obligation Bonds of 2011.....	2025	903,489	3.00 - 5.00	690,000	-	(70,000)	620,000
Subtotal waterway's bonds payable.....				3,135,000	-	(325,000)	2,810,000
Total Enterprise Bonds Payable.....				\$ 30,557,908	\$ 15,553,907	\$ (3,165,627)	\$ 42,946,188

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$1,107,521 and interest costs for \$735,316. Thus, net sewer enterprise loan repayments, including interest, are scheduled to be \$20,586,546. The principal subsidies are guaranteed and therefore a \$1,107,521 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2015. 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 2015 principal and interest subsidies totaled \$224,464 and \$227,281, 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
2016.....	\$ 991,000	\$ 585,996	\$ 1,576,996
2017.....	981,000	732,632	1,713,632
2018.....	956,000	692,880	1,648,880
2019.....	906,000	653,740	1,559,740
2020.....	891,000	615,250	1,506,250
2021.....	891,000	572,460	1,463,460
2022.....	861,000	529,670	1,390,670
2023.....	841,000	492,091	1,333,091
2024.....	826,000	454,594	1,280,594
2025.....	821,000	416,945	1,237,945
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>18,580,000</u>	\$ <u>8,440,475</u>	\$ <u>27,020,475</u>

SEWER ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2016.....	\$ 2,012,811	\$ 601,744	\$ 2,614,555
2017.....	2,063,814	521,188	2,585,002
2018.....	2,100,633	421,371	2,522,004
2019.....	2,146,318	352,858	2,499,176
2020.....	1,377,601	288,326	1,665,927
2021.....	1,370,850	241,324	1,612,174
2022.....	1,258,105	197,849	1,455,954
2023.....	1,283,295	157,058	1,440,353
2024.....	1,294,778	115,651	1,410,429
2025.....	817,587	92,430	910,017
2026.....	681,846	71,823	753,669
2027.....	391,941	60,078	452,019
2028.....	393,612	51,151	444,763
2029.....	400,428	42,143	442,571
2030.....	407,392	32,968	440,360
2031.....	409,507	23,669	433,176
2032.....	361,777	14,274	376,051
2033.....	364,205	6,978	371,183
Total.....	\$ <u>19,136,500</u>	\$ <u>3,292,883</u>	\$ <u>22,429,383</u>

TRANSFER STATION ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2016.....	\$ 51,000	\$ 17,847	\$ 68,847
2017.....	51,000	15,807	66,807
2018.....	51,000	13,766	64,766
2019.....	51,000	11,727	62,727
2020.....	51,000	9,687	60,687
2021.....	36,000	7,497	43,497
2022.....	36,000	6,057	42,057
2023.....	36,000	4,572	40,572
2024.....	36,000	3,060	39,060
2025.....	36,000	1,530	37,530
Total.....	\$ <u>435,000</u>	\$ <u>91,550</u>	\$ <u>526,550</u>

WIDOW'S WALK ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2016.....	\$ 360,000	\$ 22,200	\$ 382,200
2017.....	<u>375,000</u>	<u>7,500</u>	<u>382,500</u>
Total.....	\$ <u>735,000</u>	\$ <u>29,700</u>	\$ <u>764,700</u>

WATERWAYS ENTERPRISE FUND DEBT SERVICE PAYMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016..... \$	325,000 \$	113,254 \$	438,254
2017.....	325,000	100,429	425,429
2018.....	315,000	87,516	402,516
2019.....	315,000	74,916	389,916
2020.....	310,000	62,316	372,316
2021.....	310,000	49,266	359,266
2022.....	310,000	36,191	346,191
2023.....	305,000	24,060	329,060
2024.....	255,000	11,888	266,888
2025.....	40,000	1,400	41,400
Total..... \$	<u>2,810,000 \$</u>	<u>561,236 \$</u>	<u>3,371,236</u>

At June 30, 2015, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Marine park recreational facility..... \$	280,000
Departmental equipment.....	60,000
Energy savings contract.....	3,200,000
Facilities design engineering services.....	150,000
School improvements.....	27,721,115
Library renovations.....	5,360,808
Software.....	200,000
Foreshore protection.....	500,000
Water.....	8,000,000
Sewer.....	400,000
Dredging.....	395,000
Oceanside Drive seawall replacement.....	2,000,000
Public safety complex design and construction.....	1,155,000
Pump station replacement.....	625,000
Seawall repairs.....	2,000,000
Total..... \$	<u>52,046,923</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance June 30, 2014	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2015	Current Portion
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 15,484,278	\$ 72,463,000	\$ (6,306,856)	\$ -	\$ -	\$ 81,640,422	\$ 4,459,856
Add: Unamortized premium on bonds.....	-	5,913,457	-	-	-	5,913,457	365,481
Total bonds payable.....	15,484,278	78,376,457	(6,306,856)	-	-	87,553,879	4,825,337
Compensated absences.....	1,773,346	-	-	1,512,503	(1,454,200)	1,831,649	1,330,200
Capital lease obligations.....	206,248	-	-	-	(29,358)	176,890	29,975
Net pension liability.....	32,374,085	-	-	1,641,423	-	34,015,508	-
Other postemployment benefits.....	21,649,807	-	-	4,423,069	(2,090,293)	23,982,583	-
Total governmental activity long-term liabilities.....	\$ 71,487,764	\$ 78,376,457	\$ (6,306,856)	\$ 7,576,995	\$ (3,573,851)	\$ 147,560,509	\$ 6,185,512
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 30,448,642	\$ 14,400,000	\$ (3,152,142)	\$ -	\$ -	\$ 41,696,500	\$ 3,739,811
Add: Unamortized premium on bonds.....	109,266	1,153,907	(13,485)	-	-	1,249,688	81,007
Total bonds payable.....	30,557,908	15,553,907	(3,165,627)	-	-	42,946,188	3,820,818
Compensated absences.....	146,317	-	-	107,916	(112,600)	141,633	88,400
Capital lease obligations.....	91,624	-	-	68,618	(32,318)	127,924	38,567
Landfill closure.....	1,188,000	-	-	-	(54,000)	1,134,000	76,000
Net pension liability.....	3,630,711	-	-	184,083	-	3,814,794	-
Other postemployment benefits.....	777,412	-	-	157,632	(76,838)	858,206	-
Total business-type activity long-term liabilities.....	\$ 36,391,972	\$ 15,553,907	\$ (3,165,627)	\$ 518,249	\$ (275,756)	\$ 49,022,745	\$ 4,023,785

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, 2015, the governmental fund balances consisted of the following:

	General	Community Preservation	Affordable Housing	Town Capital Projects	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	27,051	\$ 27,051
Restricted for:							
Community preservation.....	-	7,558,054	-	-	-	-	7,558,054
Affordable housing.....	-	-	985,549	-	-	-	985,549
Town capital projects.....	-	-	-	15,566,078	-	-	15,566,078
Middle school construction.....	-	-	-	-	44,885,921	-	44,885,921
School gifts and grants.....	-	-	-	-	-	307,536	307,536
School revolving funds.....	-	-	-	-	-	372,309	372,309
Town gifts and grants.....	-	-	-	-	-	318,272	318,272
Town revolving funds.....	-	-	-	-	-	4,335,449	4,335,449
Highway Improvements.....	-	-	-	-	-	4,353	4,353
Title V program.....	-	-	-	-	-	33,941	33,941
Permanent trust funds.....	-	-	-	-	-	286,604	286,604
School capital projects.....	-	-	-	-	-	84,657	84,657
Library renovation.....	-	-	-	-	-	6,429,285	6,429,285
Capital outlay.....	5,085,000	-	-	-	-	-	5,085,000
Future debt service - interest.....	27,685	-	-	-	-	-	27,685
Workers compensation.....	536,863	-	-	-	-	-	536,863
Committed for special articles to:							
General government.....	435,080	-	-	-	-	-	435,080
Public safety.....	146,264	-	-	-	-	-	146,264
Education.....	280,386	-	-	-	-	-	280,386
Public works.....	818,120	-	-	-	-	-	818,120
Debt service.....	404,069	-	-	-	-	-	404,069
Assigned to:							
Carryover encumbrances:							
General government.....	319,635	-	-	-	-	-	319,635
Public safety.....	5,323	-	-	-	-	-	5,323
Education.....	67,589	-	-	-	-	-	67,589
Public works.....	735,742	-	-	-	-	-	735,742
Human services.....	9,234	-	-	-	-	-	9,234
Culture and recreation.....	7,233	-	-	-	-	-	7,233
Unemployment insurance.....	10,000	-	-	-	-	-	10,000
Contributory group insurance.....	82,665	-	-	-	-	-	82,665
Free cash used for 2016 budget.....	425,000	-	-	-	-	-	425,000
Unassigned.....	6,646,114	-	-	-	-	(3,418)	6,642,696
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 16,042,002</b>	<b>\$ 7,558,054</b>	<b>\$ 985,549</b>	<b>\$ 15,566,078</b>	<b>\$ 44,885,921</b>	<b>\$ 12,196,039</b>	<b>\$ 97,233,643</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 \$2.4 million, \$924,000, and \$13,500, 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 59 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, 2014. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$4,170,542 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 \$60,029,569 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, 2014.

*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, 2014 and totaled \$3,912,145, 23.66% 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, 2015, the Town reported a liability of \$37,830,302 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. 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, 2014, the Town's proportion was 6.490%, which did not change from its proportion measured at December 31, 2013.

*Pension Expense*

For the year ended June 30, 2015, the Town recognized pension expense of \$3,912,275. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$1,749,360, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial

valuation bi-annually, there are no reported differences between expected and actual experience or a change of assumptions as of December 31, 2014.

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016.....	\$ 437,340
2017.....	437,340
2018.....	437,340
2019.....	<u>437,340</u>
Total.....	\$ <u>1,749,360</u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2015
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Level percent, open group
Remaining amortization period.....	17 years
Asset valuation method.....	Actuarially valued using a five-year smoothing method of gains and losses.
Investment rate of return/Discount rate.....	8.00%
Inflation rate.....	3.75%
Value of investments.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the lessor of the pension amount and \$13,000 per year
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..... Pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table for males and females adjusted to 2015 with Scale AA. Disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
- 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, 2015 are summarized in the following table:

Asset Class	Portfolio Target Weight	Long-Term Expected Real Rate of Return
Domestic equity.....	33.00%	10.20%
Foreign equity.....	16.00%	11.00%
Total fixed income.....	25.50%	7.90%
Real estate/ real assets.....	13.00%	9.30%
Private equity.....	7.50%	14.60%
Hedge funds of funds.....	4.00%	8.70%
Cash.....	1.00%	4.00%

*Rate of return*

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.7%. 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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
The Town's proportionate share of the net pension liability..... \$	47,235,987	\$ 37,830,302	\$ 29,717,260

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

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

At July 1, 2014, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	575
Current active members.....	<u>689</u>
Total.....	<u><u>1,264</u></u>

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2015, the Town contributed \$2.2 million to the plan.

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

The components of the Town’s annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations are summarized in the following table:

Annual Required Contribution (ARC).....	\$ 4,396,050
Interest on net OPEB Obligation.....	897,089
Adjustment to the ARC.....	<u>(712,438)</u>
Annual OPEB cost (expense).....	4,580,701
Contributions made.....	<u>(2,167,131)</u>
Increase/(Decrease) in net OPEB obligation.....	2,413,570
Net OPEB obligation - beginning of year.....	<u>22,427,219</u>
Net OPEB obligation - end of year.....	<u>\$ 24,840,789</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
6/30/2015	\$ 4,580,701	47%	\$ 24,840,789
6/30/2014	6,403,927	30%	22,427,219
6/30/2013	5,996,829	34%	17,944,411

*Funded Status and Funding Progress* – The funded status of the Plan as of the most recent actuarial valuation date, July 1, 2014, is as follows:

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Cost (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 60,252,654	\$ 60,252,654	0.00%	N/A	N/A

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

*Actuarial Methods and Assumptions*—Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the

employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date.....	July 1, 2014
Actuarial cost method.....	Projected Unit Credit, Closed
Amortization method.....	Amortization payments increasing at 4.00%
Remaining amortization period.....	30 years as of July 1, 2014, open
Actuarial Assumptions:	
Investment rate of return.....	4.00%
Inflation rate.....	3.00%
Projected salary increases.....	2.50%
Medical/drug cost trend rate.....	9% in 2015 grading down 1% per year reaching the ultimate rate of 5% in 2024

**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 \$76,000 per year for post-closure care costs and has recorded a liability of \$1,134,000 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 \$27.7 million for school improvements, \$5.4 million for the construction of a new library, \$8 million in water pipe improvement and replacement projects, and \$4 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 2015 were \$282,056.

**NOTE 15 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2015, 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

#### NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2015, which is the date the financial statements were available to be issued.

#### NOTE 17 – REVISION OF NET POSITION

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statements #68 and #71. The revised balances are summarized in the following table:

	06/30/2014 Previously Reported Balances	Implementation of GASBs #68, & #71	06/30/2014 Revised Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ 62,878,474	\$ (32,442,436)	30,436,038
Business-type activities.....	47,818,789	(3,638,376)	44,180,413
Total.....	<u>\$ 110,697,263</u>	<u>\$ (36,080,812)</u>	<u>\$ 74,616,451</u>
<b>Business-type Activities - Enterprise Funds</b>			
Water.....	\$ 10,755,864	\$ (1,479,137)	\$ 9,276,727
Sewer.....	31,275,083	(830,285)	30,444,798
Transfer Station.....	492,273	(445,577)	46,696
Widow's Walk Golf Course.....	970,078	(322,669)	647,409
Waterways.....	4,325,491	(560,708)	3,764,783
Total.....	<u>\$ 47,818,789</u>	<u>\$ (3,638,376)</u>	<u>\$ 44,180,413</u>

#### NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year. The financial statements also recognized a restatement of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.

- GASB Statement #69, *Governmental Combinations and Disposals of Government Operations*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #72, *Fair Value Measurement and Application*, which is required to be implemented in 2016.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for 2016—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which is required to be implemented in 2017.
- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- 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 #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

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, 2015

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 51,268,474	\$ 51,268,474	\$ 51,366,474	\$ 51,172,340	\$ -	\$ (194,134)
Tax liens.....	-	-	-	-	406,612	-	406,612
Motor vehicle and other excise taxes.....	-	2,868,368	2,868,368	2,868,368	3,025,388	-	157,020
Penalties and interest on taxes.....	-	375,000	375,000	375,000	416,635	-	41,635
Fees and rentals.....	-	314,311	314,311	314,311	501,748	-	187,437
Licenses and permits.....	-	516,570	516,570	516,570	561,077	-	44,507
Fines and forfeitures.....	-	27,000	27,000	27,000	68,513	-	41,513
Intergovernmental.....	-	7,053,531	7,053,531	7,053,531	7,205,664	-	152,133
Departmental and other.....	-	1,128,744	1,128,744	1,128,744	1,192,815	-	64,071
Investment income.....	-	36,375	36,375	36,375	136,323	-	99,948
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>63,588,373</b>	<b>63,588,373</b>	<b>63,686,373</b>	<b>64,687,115</b>	<b>-</b>	<b>1,000,742</b>
<b>EXPENDITURES:</b>							
Current:							
General Government							
Town Administrator							
Personal services.....	21,003	296,393	317,396	317,396	299,500	17,744	152
Purchase of services.....	-	57,847	57,847	57,847	36,674	2,500	18,673
Town Counsel.....	-	136,945	136,945	132,838	78,005	-	54,833
Labor Counsel.....	155,410	172,500	327,910	327,909	83,942	243,967	-
Materials and supplies.....	-	2,625	2,625	2,625	2,625	-	-
Salary adjustments.....	-	10,000	10,000	10,000	4,416	5,584	-
Article - Collective bargaining.....	120,851	-	120,851	120,851	-	120,851	-
Article - Contractual obligations.....	25,000	-	25,000	25,000	-	25,000	-
Article - Investment grade audit.....	52,665	-	52,665	-	-	-	-
Article - Hybrid vehicles.....	-	-	-	70,000	61,770	8,230	-
<b>Total.....</b>	<b>374,929</b>	<b>676,310</b>	<b>1,051,239</b>	<b>1,064,466</b>	<b>566,932</b>	<b>423,876</b>	<b>73,658</b>
Advisory Committee							
Personal services.....	-	1,925	1,925	1,925	1,313	-	612
Purchase of services.....	-	250	250	250	236	-	14
Materials and supplies.....	-	5,700	5,700	5,700	5,557	-	143
<b>Total.....</b>	<b>-</b>	<b>7,875</b>	<b>7,875</b>	<b>7,875</b>	<b>7,106</b>	<b>-</b>	<b>769</b>
Reserve Fund.....							
<b>Total.....</b>	<b>-</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>	<b>17,000</b>	<b>-</b>	<b>73,000</b>
Town Accountant							
Personal services.....	-	197,352	197,352	197,352	196,133	-	1,219
Purchase of services.....	-	53,445	53,445	59,745	55,653	-	4,092
Materials and supplies.....	-	1,400	1,400	1,400	1,378	-	22
Article - Integrated financial system.....	200,000	-	200,000	200,000	-	200,000	-
<b>Total.....</b>	<b>200,000</b>	<b>252,197</b>	<b>452,197</b>	<b>458,497</b>	<b>253,164</b>	<b>200,000</b>	<b>5,333</b>
Assessors							
Personal services.....	-	190,255	190,255	190,255	188,499	-	1,756
Purchase of services.....	60	73,155	73,215	74,115	74,032	75	8
Materials and supplies.....	-	600	600	600	413	-	187
Article - Revaluation.....	2,312	-	2,312	-	-	-	-
<b>Total.....</b>	<b>2,372</b>	<b>264,010</b>	<b>266,382</b>	<b>264,970</b>	<b>262,944</b>	<b>75</b>	<b>1,951</b>
Treasurer/Collector							
Personal services.....	-	253,270	253,270	253,270	247,870	-	5,400
Purchase of services.....	-	77,985	77,985	77,985	64,733	1,040	12,212
Materials and supplies.....	-	2,000	2,000	2,000	1,271	-	729
<b>Total.....</b>	<b>-</b>	<b>333,255</b>	<b>333,255</b>	<b>333,255</b>	<b>313,874</b>	<b>1,040</b>	<b>18,341</b>
Administration							
Personal services.....	-	31,933	31,933	31,933	26,923	-	5,010
Purchase of services.....	75	67,500	67,575	67,575	42,506	7,500	17,569
Materials and supplies.....	-	3,800	3,800	3,800	3,771	-	29
<b>Total.....</b>	<b>75</b>	<b>103,233</b>	<b>103,308</b>	<b>103,308</b>	<b>73,200</b>	<b>7,500</b>	<b>22,608</b>
Information Technology							
Personal services.....	-	90,230	90,230	90,230	90,218	-	12
Purchase of services.....	7,884	148,595	156,479	156,479	116,718	4,097	35,664
Materials and supplies.....	-	1,000	1,000	1,000	90	-	910
Capital outlay.....	-	14,000	14,000	14,000	10,637	1,806	1,557
Article - GIS and permitting phase II.....	35,750	-	35,750	35,750	33,963	1,787	-
Article - Security cameras harbor area.....	-	-	-	15,000	-	15,000	-
<b>Total.....</b>	<b>43,634</b>	<b>253,825</b>	<b>297,459</b>	<b>312,459</b>	<b>251,626</b>	<b>22,690</b>	<b>38,143</b>

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Tax foreclosures.....	-	39,000	39,000	39,000	14,754	-	24,246
Cable TV							
Personal services.....	-	82,583	82,583	64,975	64,975	-	-
Purchase of services.....	-	2,300	2,300	1,944	1,944	-	-
Materials and supplies.....	-	1,900	1,900	1,722	1,722	-	-
Capital outlay.....	-	21,600	21,600	13,203	10,157	3,046	-
Total.....	-	108,383	108,383	81,844	78,798	3,046	-
Town Clerk							
Personal services.....	-	149,618	149,618	154,718	154,673	-	45
Purchase of services.....	-	39,400	39,400	41,500	39,598	-	1,902
Materials and supplies.....	-	4,300	4,300	4,300	3,767	-	533
Article - Special election US Senator.....	14,712	-	14,712	14,712	-	14,712	-
Article - Voting machines.....	49,500	-	49,500	49,500	-	49,500	-
Total.....	64,212	193,318	257,530	264,730	198,038	64,212	2,480
Conservation							
Personal services.....	-	110,554	110,554	110,554	110,554	-	-
Purchase of services.....	122	10,900	11,022	11,022	4,499	4,000	2,523
Materials and supplies.....	-	1,075	1,075	1,075	347	-	728
Total.....	122	122,529	122,651	122,651	115,400	4,000	3,251
Planning Board							
Personal services.....	-	159,583	159,583	159,583	154,225	-	5,358
Purchase of services.....	-	8,550	8,550	8,550	4,551	3,500	499
Materials and supplies.....	21	700	721	721	686	-	35
Total.....	21	168,833	168,854	168,854	159,462	3,500	5,892
Zoning Board of Appeals							
Personal services.....	-	25,607	25,607	25,607	24,812	-	795
Purchase of services.....	-	2,850	2,850	2,850	2,419	69	362
Materials and supplies.....	-	300	300	300	277	-	23
Total.....	-	28,757	28,757	28,757	27,508	69	1,180
Board of Selectmen/Economic Development							
Purchase of services.....	-	78,000	78,000	78,000	38,311	24,600	15,089
Property/Liability Insurance.....	-	430,000	430,000	442,000	439,084	107	2,809
Total General Government.....	685,365	3,149,525	3,834,890	3,860,666	2,817,201	754,715	288,750
Public Safety							
Police							
Personal services.....	-	3,320,446	3,320,446	3,320,446	3,303,332	-	17,114
Purchase of services.....	2,213	153,160	155,373	155,373	152,180	2,924	269
Materials and supplies.....	-	142,610	142,610	142,610	140,796	1,718	96
Capital outlay.....	-	122,000	122,000	122,000	121,913	-	87
Article - Radio communications project.....	80,000	-	80,000	80,000	4,826	75,174	-
Total.....	82,213	3,738,216	3,820,429	3,820,429	3,723,047	79,816	17,566
Fire							
Personal services.....	-	4,023,016	4,023,016	4,106,016	4,103,743	-	2,273
Purchase of services.....	160	90,345	90,505	90,505	89,517	46	942
Materials and supplies.....	9,754	219,250	229,004	214,005	202,290	635	11,080
Capital outlay.....	7,000	-	7,000	7,000	7,000	-	-
Article - Monitor/Defibrillator.....	76	-	76	-	-	-	-
Article - Defibrillator.....	106	-	106	-	-	-	-
Article - Refurbish rescue pumper.....	3,071	-	3,071	3,071	3,071	-	-
Article - Defibrillator.....	40,000	-	40,000	40,000	35,237	4,763	-
Article - Deputy command vehicle.....	40,000	-	40,000	40,000	39,414	586	-
Article - Turn out gear.....	-	-	-	66,000	259	65,741	-
Total.....	100,167	4,332,611	4,432,778	4,566,597	4,480,531	71,771	14,295
Inspections							
Personal services.....	-	288,133	288,133	288,133	269,834	-	18,299
Purchase of services.....	-	10,150	10,150	10,150	10,150	-	-
Materials and supplies.....	-	3,100	3,100	3,100	1,799	-	1,301
Total.....	-	301,383	301,383	301,383	281,783	-	19,600

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Shellfish</b>							
Personal services.....	-	10,569	10,569	10,569	10,413	-	156
Purchase of services.....	-	705	705	705	316	-	389
Materials and supplies.....	-	400	400	400	304	-	96
Capital outlay.....	-	200	200	200	-	-	200
Total.....	-	11,874	11,874	11,874	11,033	-	841
<b>Total Public Safety.....</b>	<b>182,380</b>	<b>8,384,084</b>	<b>8,566,464</b>	<b>8,700,283</b>	<b>8,496,394</b>	<b>151,587</b>	<b>52,302</b>
<b>Education</b>							
School Committee.....	102,501	32,812,582	32,915,083	32,985,083	32,917,494	67,589	-
South Shore Regional School Assessment.....	-	463,751	463,751	463,751	461,209	-	2,542
Article - School bus.....	5,112	-	5,112	5,112	-	5,112	-
Article - Two emergency generators.....	1,936	-	1,936	1,936	-	1,936	-
Article - School bus.....	54,741	-	54,741	54,741	33,689	21,052	-
Article - Carpeting various schools.....	5,000	-	5,000	5,000	-	5,000	-
Article - Gates feasibility study.....	453,431	-	453,431	453,431	448,221	5,210	-
Article - Gates replace stair and café door.....	60,000	-	60,000	60,000	60,000	-	-
Article - Handicapped accessible van.....	40,000	-	40,000	40,000	31,000	9,000	-
Article - High School generator.....	25,000	-	25,000	25,000	8,830	16,170	-
Article - Early childhood center.....	200,000	-	200,000	200,000	200,000	-	-
Article - Jenkins school playground stairs.....	33,000	-	33,000	33,000	-	33,000	-
Article - System wide carpet.....	65,000	-	65,000	65,000	56,094	8,906	-
Article - School technology phase 1 of 3.....	-	100,000	100,000	100,000	100,000	-	-
Article - School painting.....	-	50,000	50,000	50,000	-	50,000	-
Article - Gates ramp and fire escape.....	-	-	-	75,000	-	75,000	-
Article - Jenkins outside stairs.....	-	-	-	50,000	-	50,000	-
Total Education.....	1,045,721	33,426,333	34,472,054	34,667,054	34,316,537	347,975	2,542
<b>Public Works</b>							
Personal services.....	-	1,448,877	1,448,877	1,402,875	1,321,017	-	81,858
Purchase of services.....	95,396	482,065	577,461	496,005	417,268	11,993	66,744
Materials and supplies.....	942	294,425	295,367	295,215	276,723	3,313	15,179
Capital outlay.....	332,118	429,500	761,618	761,618	342,261	367,520	51,837
Article - DPW survey equipment.....	13,377	-	13,377	13,377	-	13,377	-
Article - 1 ton dump truck - highway.....	1,146	-	1,146	1,146	-	1,146	-
Article - Asphalt reclamation system.....	400	-	400	400	-	400	-
Article - DPW vehicles.....	1,897	-	1,897	1,897	-	1,897	-
Article - Stormwater compliance.....	34,572	-	34,572	34,572	-	34,572	-
Article - Public grounds loader.....	80,000	-	80,000	80,000	68,383	11,617	-
Article - Stormwater compliance.....	50,000	-	50,000	50,000	-	50,000	-
Article - 2 ton highway roller.....	44,000	-	44,000	44,000	43,500	500	-
Article - Cudworth cemetery.....	50,000	-	50,000	50,000	13,615	36,385	-
Article - FEMA Hurricane Sandy Town share.....	-	-	-	66,238	-	66,238	-
Article - Town Hall boilers.....	-	-	-	28,000	28,000	-	-
Article - Foreshore protection.....	-	-	-	200,000	-	200,000	-
Article - Diesel tank.....	-	-	-	29,773	-	29,773	-
Article - Roadway improvements.....	-	-	-	200,000	7,785	192,215	-
Article - Cudworth cemetery.....	-	-	-	85,000	-	85,000	-
Article - Dump trucks.....	-	-	-	60,000	-	60,000	-
Total.....	703,848	2,654,867	3,358,715	3,900,116	2,518,552	1,165,946	215,618
<b>Facilities</b>							
Personal services.....	-	216,351	216,351	209,351	208,885	-	466
Purchase of services.....	8,200	123,740	131,940	162,940	161,500	106	1,334
Materials and supplies.....	1,887	17,050	18,937	18,937	17,548	10	1,379
Capital outlay.....	42,350	101,110	143,460	143,460	56,830	59,903	26,727
Article - Town hall ventilation.....	35,000	-	35,000	35,000	-	35,000	-
Total.....	87,437	458,251	545,688	569,688	444,763	95,019	29,906
<b>Snow and Ice</b>							
Personal services.....	-	85,399	85,399	134,756	134,756	-	-
Purchase of services.....	15,523	192,000	207,523	535,784	533,854	-	1,930
Materials and supplies.....	24,450	218,002	242,452	264,834	263,011	-	1,823
Total.....	39,973	495,401	535,374	935,374	931,621	-	3,753
<b>Emergency Storm Clean Up</b>							
Personal services.....	-	-	-	64,127	64,127	-	-
Purchase of services.....	-	-	-	1,101,843	604,183	257,297	240,363
Materials and supplies.....	-	-	-	52,640	17,040	35,600	-
Total.....	-	-	-	1,218,610	685,350	292,897	240,363
<b>Street Lights and Beacons</b>							
Purchase of services.....	-	190,000	190,000	190,000	190,000	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Total Public Works.....	831,258	3,798,519	4,629,777	6,813,788	4,770,286	1,553,862	489,640
Human Services							
Board of Health							
Personal services.....	-	129,542	129,542	122,042	112,597	-	9,445
Purchase of services.....	134	7,530	7,664	15,164	14,177	-	987
Materials and supplies.....	-	1,550	1,550	1,550	1,518	-	32
Capital outlay.....	-	400	400	400	316	-	84
Total.....	134	139,022	139,156	139,156	128,608	-	10,548
Council on Aging							
Personal services.....	-	254,178	254,178	254,178	243,741	-	10,437
Purchase of services.....	277	54,900	55,177	55,178	41,493	2,234	11,451
Materials and supplies.....	54	8,850	8,904	8,904	7,344	-	1,560
Article - Study renovation of senior center.....	19,244	-	19,244	19,244	19,244	-	-
Article - Senior needs study.....	-	5,756	5,756	5,756	5,756	-	-
Total.....	19,575	323,684	343,259	343,260	317,578	2,234	23,448
Veterans' Benefits/Services							
Personal services.....	-	69,467	69,467	70,967	70,967	-	-
Purchase of services.....	36,520	147,910	184,430	180,140	115,244	7,000	57,896
Materials and supplies.....	-	1,225	1,225	1,225	1,200	-	25
Total.....	36,520	218,602	255,122	252,332	187,411	7,000	57,921
Commission on Disabilities							
Purchase of services.....	-	4,750	4,750	4,750	141	-	4,609
Materials and supplies.....	-	250	250	250	-	-	250
Total.....	-	5,000	5,000	5,000	141	-	4,859
Total Human Services.....	56,229	686,308	742,537	739,748	633,738	9,234	96,776
Culture and Recreation							
Library							
Personal services.....	-	742,994	742,994	742,994	675,848	-	67,146
Purchase of services.....	24	61,135	61,159	89,471	81,397	2,000	6,074
Materials and supplies.....	-	121,175	121,175	121,175	114,803	4,793	1,579
Capital outlay.....	-	18,100	18,100	5,100	4,611	-	489
Total.....	24	943,404	943,428	958,740	876,659	6,793	75,288
Recreation							
Personal services.....	-	127,829	127,829	127,829	127,623	-	206
Purchase of services.....	-	1,250	1,250	1,250	888	-	362
Materials and supplies.....	-	650	650	650	209	-	441
Capital outlay.....	-	1,050	1,050	1,050	1,022	-	28
Total.....	-	130,779	130,779	130,779	129,742	-	1,037
Beautification							
Materials and supplies.....	215	19,500	19,715	19,715	18,957	440	318
Historical Buildings							
Purchase of services.....	-	11,350	11,350	11,350	3,770	-	7,580
Total Culture and Recreation.....	239	1,105,033	1,105,272	1,120,584	1,029,128	7,233	84,223
Debt Service							
Principal.....	-	2,365,652	2,365,652	1,581,856	1,581,856	-	-
Interest.....	-	-	-	546,796	533,531	-	13,265
Article - Transfer station debt paydown.....	-	-	-	404,069	-	404,069	-
Total Debt Service.....	-	2,365,652	2,365,652	2,532,721	2,115,387	404,069	13,265

(Continued)

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Non-Contributory Pension.....	-	65,319	65,319	31,819	26,230	-	5,589
Plymouth County Retirement.....	-	3,912,852	3,912,852	3,836,129	3,836,129	-	-
Workers' Compensation.....	-	257,000	257,000	257,000	257,000	-	-
Unemployment Insurance.....	5,000	75,000	80,000	40,000	18,914	10,000	11,086
Contributory Group Insurance.....	96,590	4,975,632	5,072,222	5,022,222	4,892,164	82,665	47,393
Employee Benefits.....	-	626,454	626,454	703,177	666,153	-	37,024
State and county charges.....	-	477,839	477,839	477,839	499,806	-	(21,967)
<b>TOTAL EXPENDITURES.....</b>	<b>2,902,782</b>	<b>63,305,550</b>	<b>66,208,332</b>	<b>68,803,030</b>	<b>64,375,067</b>	<b>3,321,340</b>	<b>1,106,623</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(2,902,782)</b>	<b>282,823</b>	<b>(2,619,959)</b>	<b>(5,116,657)</b>	<b>312,048</b>	<b>(3,321,340)</b>	<b>2,107,365</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium from issuance of bonds.....	-	-	-	-	5,300,269	-	5,300,269
Transfers in.....	-	862,212	862,212	2,159,728	2,180,749	-	21,021
Transfers out.....	-	(1,271,331)	(1,271,331)	(2,097,870)	(2,097,870)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)...</b>	<b>-</b>	<b>(409,119)</b>	<b>(409,119)</b>	<b>61,858</b>	<b>5,383,148</b>	<b>-</b>	<b>5,321,290</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,902,782)</b>	<b>(126,296)</b>	<b>(3,029,078)</b>	<b>(5,054,799)</b>	<b>5,695,196</b>	<b>(3,321,340)</b>	<b>7,428,655</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>6,215,163</b>	<b>6,215,163</b>	<b>6,215,163</b>	<b>6,215,163</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (2,902,782)</b>	<b>\$ 6,088,867</b>	<b>\$ 3,186,085</b>	<b>\$ 1,160,364</b>	<b>\$ 11,910,359</b>	<b>\$ (3,321,340)</b>	<b>\$ 7,428,655</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 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**

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	December 31, 2014
Town's proportion of the net pension liability (asset).....	6.490%
Town's proportionate share of the net pension liability (asset)..... \$	37,830,302
Town's covered employee payroll (*)..... \$	16,533,286
Net pension liability as a percentage of covered-employee payroll.....	228.81%
Plan fiduciary net position as a percentage of the total pension liability.....	58.88%

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.

\*Covered employee payroll as reported in the January 1, 2015 funding  
valuation report.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

---

	December 31, 2014
Actuarially determined contribution (a).....	\$ 3,912,145
Contributions in relation to the actuarially determined contribution.....	(3,912,145)
Contribution deficiency (excess).....	\$ -
 Covered-employee payroll (*).....	\$ 16,533,286
 Contributions as a percentage of covered- employee payroll.....	23.66%

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.

(a) Based on the results of the January 1, 2013 actuarial  
valuation (including assumptions and methods) which  
determined budgeted appropriations for fiscal 2015.

\*Covered employee payroll as reported in the January 1, 2015,  
funding valuation report.

See notes to required supplementary information.

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

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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 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
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***

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

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

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

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Cost (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 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
7/1/2010	-	53,916,330	53,916,330	0.00%	N/A	N/A

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Contributions	Total Percentage Contributed
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	2,015,132	37.9%
6/30/2012	5,368,371	1,890,814	35.2%
6/30/2011	5,100,217	1,735,058	34.0%
6/30/2010	5,317,917	1,670,005	31.4%

See notes to required supplementary information.

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

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Actuarial Methods:

Valuation date.....	July 1, 2014
Actuarial cost method.....	Projected Unit Credit, Closed
Amortization method.....	Amortization payments increasing at 4.00%
Remaining amortization period.....	30 years as of July 1, 2014, open

Actuarial Assumptions:

Investment rate of return.....	4.00%
Inflation rate.....	3.00%
Projected salary increases.....	2.50%
Medical/drug cost trend rate.....	9% in 2015 grading down 1% per year reaching the ultimate rate of 5% in 2024

Plan Membership:

Current retirees, beneficiaries, and dependents.....	575
Current active members.....	<u>689</u>
Total.....	<u><u>1,264</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 2015 approved budget for the General Fund includes \$64.6 million in current year appropriations and other amounts to be raised and \$2.9 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$3.4 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, 2015, is presented below:

Net change in fund balance - budgetary basis.....	\$ 5,695,196
<u>Perspective difference:</u>	
Funds recorded in the General Fund for GAAP:	
Stabilization Fund.....	(196,463)
Workers' Compensation Fund.....	79,094
<u>Basis of accounting differences:</u>	
Net change in revenue accruals.....	4,289
Recognition of revenue for on-behalf payments.....	4,170,542
Recognition of expenditures for on-behalf payments.....	<u>(4,170,542)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 5,582,116</u>

**C. Appropriation Deficits**

During 2015, expenditures exceeded the budgeted appropriation for state and county charges. The final budget is estimated by the state during the budget process and the Town has no control over the final charges.

**NOTE B – PENSION PLAN**

***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 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

None.

E. Changes in Plan Provisions

None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

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

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

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

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

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

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

# ***Combining and Individual Fund Statements***

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

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

Individual fund statements offer more descriptive account information.

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds:***

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

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

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

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

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

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

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

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

## ***Capital Projects Funds:***

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

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

*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  
COMBINED BALANCE SHEET**

JUNE 30, 2015

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ -	\$ 313,183	\$ 373,161	\$ 320,230	\$ 4,467,959	\$ -
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	6,750	-
Special assessments.....	-	-	-	-	-	-
Intergovernmental.....	16,639	6,002	-	84,954	-	1,404,321
Due from other funds.....	-	-	-	66,149	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 16,639</b>	<b>\$ 319,185</b>	<b>\$ 373,161</b>	<b>\$ 471,333</b>	<b>\$ 4,474,709</b>	<b>\$ 1,404,321</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 4,899	\$ 11,649	\$ 852	\$ 150,550	\$ 93,352	\$ 28,974
Accrued payroll.....	-	-	-	2,511	39,158	-
Due to other funds.....	15,158	-	-	-	-	50,991
<b>TOTAL LIABILITIES.....</b>	<b>20,057</b>	<b>11,649</b>	<b>852</b>	<b>153,061</b>	<b>132,510</b>	<b>79,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	-	6,750	1,320,003
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	307,536	372,309	318,272	4,335,449	4,353
Unassigned.....	(3,418)	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>(3,418)</b>	<b>307,536</b>	<b>372,309</b>	<b>318,272</b>	<b>4,335,449</b>	<b>4,353</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 16,639</b>	<b>\$ 319,185</b>	<b>\$ 373,161</b>	<b>\$ 471,333</b>	<b>\$ 4,474,709</b>	<b>\$ 1,404,321</b>

(continued)

<b>Special Revenue Funds</b>		<b>Capital Projects Funds</b>			<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Title V Program</b>	<b>Subtotal</b>	<b>School Capital Projects</b>	<b>Library Renovation</b>	<b>Subtotal</b>	<b>Town Trust Fund</b>	
\$ 33,941	\$ 5,508,474	\$ 84,657	\$ 6,429,285	\$ 6,513,942	\$ 316,992	\$ 12,339,408
-	6,750	-	-	-	-	6,750
3,000	3,000	-	-	-	-	3,000
-	1,511,916	-	-	-	-	1,511,916
-	66,149	-	-	-	-	66,149
<u>\$ 36,941</u>	<u>\$ 7,096,289</u>	<u>\$ 84,657</u>	<u>\$ 6,429,285</u>	<u>\$ 6,513,942</u>	<u>\$ 316,992</u>	<u>\$ 13,927,223</u>
\$ -	\$ 290,276	\$ -	\$ -	\$ -	\$ 2,854	\$ 293,130
-	41,669	-	-	-	483	42,152
-	66,149	-	-	-	-	66,149
-	398,094	-	-	-	3,337	401,431
3,000	1,329,753	-	-	-	-	1,329,753
-	-	-	-	-	27,051	27,051
33,941	5,371,860	84,657	6,429,285	6,513,942	286,604	12,172,406
-	(3,418)	-	-	-	-	(3,418)
33,941	5,368,442	84,657	6,429,285	6,513,942	313,655	12,196,039
<u>\$ 36,941</u>	<u>\$ 7,096,289</u>	<u>\$ 84,657</u>	<u>\$ 6,429,285</u>	<u>\$ 6,513,942</u>	<u>\$ 316,992</u>	<u>\$ 13,927,223</u>

(concluded)

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

YEAR ENDED JUNE 30, 2015

	<b>Special Revenue Funds</b>					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
<b>REVENUES:</b>						
Fees and rentals.....	\$ -	\$ -	\$ -	\$ -	\$ 3,100	\$ -
Licenses and permits.....	-	-	-	-	251,310	-
Intergovernmental.....	169,884	2,058,628	-	1,062,560	87,253	225,164
Departmental and other.....	567,349	-	1,372,179	-	1,931,973	-
Contributions.....	-	-	67,476	-	75,144	-
Investment income.....	17	-	-	9	413	-
<b>TOTAL REVENUES.....</b>	<b>737,250</b>	<b>2,058,628</b>	<b>1,439,655</b>	<b>1,062,569</b>	<b>2,349,193</b>	<b>225,164</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	-	-	250,333	705,545	-
Public safety.....	-	-	-	795,360	42,687	-
Education.....	732,660	2,170,482	1,607,217	-	-	-
Public works.....	-	-	-	87,504	327,020	225,164
Human services.....	-	-	-	102,783	64,222	-
Culture and recreation.....	-	-	-	7,692	342,595	-
<b>TOTAL EXPENDITURES.....</b>	<b>732,660</b>	<b>2,170,482</b>	<b>1,607,217</b>	<b>1,243,672</b>	<b>1,482,069</b>	<b>225,164</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,590</b>	<b>(111,854)</b>	<b>(167,562)</b>	<b>(181,103)</b>	<b>867,124</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of long-term bonds.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	26,539	-
Transfers out.....	-	-	-	(1,006,632)	(216,500)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,006,632)</b>	<b>(189,961)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4,590</b>	<b>(111,854)</b>	<b>(167,562)</b>	<b>(1,187,735)</b>	<b>677,163</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>(8,008)</b>	<b>419,390</b>	<b>539,871</b>	<b>1,506,007</b>	<b>3,658,286</b>	<b>4,353</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ (3,418)</b>	<b>\$ 307,536</b>	<b>\$ 372,309</b>	<b>\$ 318,272</b>	<b>\$ 4,335,449</b>	<b>\$ 4,353</b>

(continued)

Special Revenue Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Title V Program	Subtotal	School Capital Projects	Library Renovation	Subtotal	Town Trust Fund	
\$ -	\$ 3,100	\$ -	\$ -	\$ -	\$ -	\$ 3,100
-	251,310	-	-	-	-	251,310
-	3,603,489	-	997,096	997,096	-	4,600,585
2,313	3,873,814	-	-	-	-	3,873,814
-	142,620	-	500,000	500,000	53,450	696,070
-	439	-	3,730	3,730	892	5,061
2,313	7,874,772	-	1,500,826	1,500,826	54,342	9,429,940
-	955,878	-	-	-	-	955,878
-	838,047	-	-	-	217	838,264
-	4,510,359	278,636	-	278,636	-	4,788,995
-	639,688	-	-	-	-	639,688
-	167,005	-	-	-	-	167,005
-	350,287	-	712,637	712,637	159,587	1,222,511
-	7,461,264	278,636	712,637	991,273	159,804	8,612,341
2,313	413,508	(278,636)	788,189	509,553	(105,462)	817,599
-	-	500,000	4,645,000	5,145,000	-	5,145,000
-	26,539	-	996,096	996,096	-	1,022,635
(6,858)	(1,229,990)	(181)	-	(181)	-	(1,230,171)
(6,858)	(1,203,451)	499,819	5,641,096	6,140,915	-	4,937,464
(4,545)	(789,943)	221,183	6,429,285	6,650,468	(105,462)	5,755,063
38,486	6,158,385	(136,526)	-	(136,526)	419,117	6,440,976
\$ 33,941	\$ 5,368,442	\$ 84,657	\$ 6,429,285	\$ 6,513,942	\$ 313,655	\$ 12,196,039

(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, 2015

	July 1, 2014	Additions	Deletions	June 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 912,242	\$ 104,786	\$ (102,600)	\$ 914,428
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	134,192	100,788	(134,192)	100,788
<b>TOTAL ASSETS.....</b>	<b>\$ 1,046,434</b>	<b>\$ 205,574</b>	<b>(236,792)</b>	<b>\$ 1,015,216</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 32,068	\$ 12,911	(32,068)	\$ 12,911
Accrued liabilities.....	-	17,045	-	17,045
Liabilities due depositors.....	984,366	175,618	(204,724)	955,260
Other liabilities.....	30,000	-	-	30,000
<b>TOTAL LIABILITIES.....</b>	<b>\$ 1,046,434</b>	<b>\$ 205,574</b>	<b>(236,792)</b>	<b>\$ 1,015,216</b>

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# ***Statistical Section***

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# ***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

	2006	2007	2008	2009	2010	2011	2012	2013	(1) 2014	2015
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 48,248,391	\$ 49,183,701	\$ 49,384,451	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964	\$ 58,009,621
Restricted.....	428,511	496,936	18,242	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255
Unrestricted.....	16,574,115	16,031,337	17,329,409	13,013,951	27,219	1,208,526	413,970	(2,073,085)	(37,686,872)	(39,543,990)
<b>Total governmental activities net position.....</b>	<b>\$ 65,251,017</b>	<b>\$ 65,711,974</b>	<b>\$ 66,732,102</b>	<b>\$ 62,653,917</b>	<b>\$ 63,658,270</b>	<b>\$ 63,298,355</b>	<b>\$ 64,965,347</b>	<b>\$ 63,308,767</b>	<b>\$ 30,436,038</b>	<b>\$ 33,431,886</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 29,855,119	\$ 29,353,547	\$ 35,825,501	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580	\$ 30,168,211
Restricted.....	-	-	2,405,520	4,352,481	-	-	-	-	-	-
Unrestricted.....	2,594,043	3,161,780	1,672,984	943,745	4,725,581	15,346,008	14,228,936	13,527,535	15,231,833	15,476,554
<b>Total business-type activities net position.....</b>	<b>\$ 32,449,162</b>	<b>\$ 32,515,327</b>	<b>\$ 39,904,005</b>	<b>\$ 40,733,335</b>	<b>\$ 40,264,718</b>	<b>\$ 40,577,119</b>	<b>\$ 40,801,924</b>	<b>\$ 41,052,270</b>	<b>\$ 44,180,413</b>	<b>\$ 45,644,765</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 78,103,510	\$ 78,537,248	\$ 85,209,952	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544	\$ 88,177,832
Restricted.....	428,511	496,936	2,423,762	4,152,972	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255
Unrestricted.....	19,168,158	19,193,117	19,002,393	13,957,696	4,752,800	16,554,534	14,642,906	11,454,450	13,625,773	(24,067,436)
<b>Total primary government net position.....</b>	<b>\$ 97,700,179</b>	<b>\$ 98,227,301</b>	<b>\$ 106,636,107</b>	<b>\$ 103,387,252</b>	<b>\$ 103,922,988</b>	<b>\$ 103,875,474</b>	<b>\$ 105,767,271</b>	<b>\$ 104,361,037</b>	<b>\$ 110,697,263</b>	<b>\$ 79,076,651</b>

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

Source: Audited Financial Statements

**Changes in Net Position**

**Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 2,229,601	\$ 1,406,392	\$ 1,720,578	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125	\$ 4,876,844
Public safety.....	7,197,557	7,560,671	7,610,879	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321	13,092,547
Education.....	29,132,313	28,924,141	33,878,524	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980	49,944,296
Public works.....	2,322,955	5,011,328	2,760,936	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895	6,767,282
Human services.....	576,284	550,253	663,160	640,542	646,098	929,568	948,776	1,125,471	1,212,812	1,113,052
Culture and recreation.....	2,146,084	1,421,847	1,634,520	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933	2,129,813
Pension and fringe benefits.....	9,834,205	11,284,274	12,886,060	17,687,715	-	-	-	-	-	-
State and county charges.....	412,750	452,904	440,570	519,199	-	-	-	-	-	-
Community Preservation.....	195,371	1,209,176	539,094	266,799	-	286,425	59,513	2,480	721,633	155,246
Interest.....	453,555	675,215	659,145	648,430	565,702	925,853	415,187	651,163	566,494	994,681
<b>Total government activities expenses.....</b>	<b>54,500,675</b>	<b>58,496,205</b>	<b>62,793,466</b>	<b>70,822,661</b>	<b>68,997,236</b>	<b>71,285,608</b>	<b>73,886,621</b>	<b>77,418,565</b>	<b>81,114,193</b>	<b>79,073,761</b>
Business-type activities:										
Water.....	2,079,348	2,042,407	2,382,885	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201	2,664,045
Sewer.....	2,594,068	2,860,336	3,059,799	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252	3,188,094
Transfer Station.....	1,042,306	1,161,043	1,120,254	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911	953,805
Golf.....	1,165,880	1,163,634	1,120,329	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694	1,004,683
Waterways.....	919,703	880,941	890,446	859,709	911,562	971,278	934,540	861,637	837,378	896,952
<b>Total business-type activities expenses.....</b>	<b>7,801,305</b>	<b>8,108,361</b>	<b>8,573,713</b>	<b>8,614,108</b>	<b>9,048,002</b>	<b>8,931,004</b>	<b>8,524,913</b>	<b>8,278,148</b>	<b>7,600,436</b>	<b>8,707,579</b>
<b>Total primary government expenses.....</b>	<b>\$ 62,301,980</b>	<b>\$ 66,604,566</b>	<b>\$ 71,367,179</b>	<b>\$ 79,436,769</b>	<b>\$ 78,045,238</b>	<b>\$ 80,216,612</b>	<b>\$ 82,411,534</b>	<b>\$ 85,696,713</b>	<b>\$ 88,714,629</b>	<b>\$ 87,781,340</b>
<b>Program Revenues</b>										
Governmental activities:										
Education charges for services.....	\$ 1,751,010	\$ 1,947,503	\$ 1,772,918	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243	\$ 1,953,724
Public works charges for services.....	59,019	54,642	55,561	40,441	1,385,721	21,373	132,668	497,826	590,965	654,143
Culture and recreation charges for services.....	313,656	434,139	439,177	455,492	588,397	392,099	429,036	408,533	401,894	435,018
Other charges for services.....	1,996,149	1,677,612	1,871,175	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181	3,032,230
Operating grants and contributions.....	11,017,046	12,620,858	14,028,181	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683	13,015,067
Capital grant and contributions.....	2,554,858	1,172,340	220,938	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565	4,496,678
<b>Total government activities program revenues.....</b>	<b>17,691,738</b>	<b>17,907,094</b>	<b>18,387,950</b>	<b>20,134,342</b>	<b>23,120,244</b>	<b>21,179,380</b>	<b>22,882,624</b>	<b>21,279,589</b>	<b>23,386,531</b>	<b>23,586,860</b>
Business-type activities:										
Charges for services - water.....	2,369,926	2,453,013	2,731,326	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697	4,160,555
Charges for services - sewer.....	1,881,442	1,294,322	1,077,791	2,385,755	1,602,906	1,643,983	1,682,559	1,778,510	1,732,988	1,386,987
Charges for services - transfer station.....	873,627	930,776	888,102	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259	1,202,974
Charges for services - golf.....	1,088,562	1,251,353	1,257,621	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170	1,255,771
Charges for services - waterways.....	875,340	877,634	872,831	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067	1,043,816
Operating grants and contributions.....	-	97,684	593,369	611,006	132,208	35,300	16,237	1,725	238,088	213,160
Capital grant and contributions.....	5,335,321	481,262	7,997,012	-	571,042	1,309,128	692,556	188,126	6,430,626	688,590
<b>Total business-type activities program revenues.....</b>	<b>12,424,218</b>	<b>7,386,044</b>	<b>15,418,052</b>	<b>9,169,219</b>	<b>8,147,971</b>	<b>9,095,093</b>	<b>8,639,351</b>	<b>8,450,983</b>	<b>14,269,895</b>	<b>9,951,853</b>
<b>Total primary government program revenues.....</b>	<b>\$ 30,115,956</b>	<b>\$ 25,293,138</b>	<b>\$ 33,806,002</b>	<b>\$ 29,303,561</b>	<b>\$ 31,268,215</b>	<b>\$ 30,274,473</b>	<b>\$ 31,521,975</b>	<b>\$ 29,730,572</b>	<b>\$ 37,656,426</b>	<b>\$ 33,538,713</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (36,808,937)	\$ (40,589,111)	\$ (44,405,516)	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)	\$ (55,486,901)
Business-type activities.....	4,622,913	(722,317)	6,844,339	555,111	(900,031)	164,089	114,438	172,835	6,669,459	1,244,274
<b>Total primary government net expense.....</b>	<b>\$ (32,186,024)</b>	<b>\$ (41,311,428)</b>	<b>\$ (37,561,177)</b>	<b>\$ (50,133,208)</b>	<b>\$ (46,777,023)</b>	<b>\$ (49,942,139)</b>	<b>\$ (50,889,559)</b>	<b>\$ (55,966,141)</b>	<b>\$ (51,058,203)</b>	<b>\$ (54,242,627)</b>
<b>General Revenues and other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 33,871,997	\$ 35,745,000	\$ 40,030,120	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148	\$ 51,463,244
Motor vehicle and other excise taxes.....	2,567,186	2,293,988	2,282,228	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956	3,026,616
Community preservation taxes.....	-	-	-	-	-	992,107	1,070,846	1,105,543	1,158,916	1,201,728
Penalties and interest on taxes.....	-	-	-	413,014	367,174	465,049	535,272	447,439	640,163	446,774
Payments in lieu of taxes.....	-	-	-	-	-	-	-	-	-	19,601
Grants and contributions not restricted to specific programs.....	2,268,155	2,512,898	2,654,850	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158	1,938,534
Unrestricted investment income.....	678,865	1,070,123	717,397	339,229	188,874	102,462	74,257	55,527	88,567	186,336
Gain on sale of capital assets.....	-	-	-	-	-	32,277	32,690	-	-	-
Miscellaneous.....	313,431	216,540	285,388	3,441	-	219,218	284,355	576,098	679,700	311,551
Transfers.....	(581,637)	(788,482)	(544,339)	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)	(111,635)
<b>Total governmental activities.....</b>	<b>39,117,997</b>	<b>41,050,068</b>	<b>45,425,644</b>	<b>46,610,134</b>	<b>46,724,820</b>	<b>49,446,573</b>	<b>52,670,989</b>	<b>54,482,396</b>	<b>57,297,369</b>	<b>58,482,749</b>
Business-type activities:										
Boat excise taxes.....	n/a	n/a	n/a	n/a	n/a	43,153	41,136	36,042	39,821	40,363
Tax liens.....	-	-	-	-	-	-	-	-	-	42,128
Unrestricted investment income.....	-	-	-	-	-	-	-	-	-	25,952
Transfers.....	581,637	788,482	544,339	274,219	249,436	105,159	69,231	41,469	57,239	111,635
<b>Total business-type activities.....</b>	<b>581,637</b>	<b>788,482</b>	<b>544,339</b>	<b>274,219</b>	<b>249,436</b>	<b>148,312</b>	<b>110,367</b>	<b>77,511</b>	<b>97,060</b>	<b>220,078</b>
<b>Total primary government.....</b>	<b>\$ 39,699,634</b>	<b>\$ 41,838,550</b>	<b>\$ 45,969,983</b>	<b>\$ 46,884,353</b>	<b>\$ 46,974,256</b>	<b>\$ 49,594,885</b>	<b>\$ 52,781,356</b>	<b>\$ 54,559,907</b>	<b>\$ 57,394,429</b>	<b>\$ 58,702,827</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 2,309,060	\$ 460,957	\$ 1,020,128	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)	\$ 2,995,848
Business-type activities.....	5,204,550	66,165	7,388,678	829,330	(650,595)	312,401	224,805	250,346	6,766,519	1,464,352
<b>Total primary government.....</b>	<b>\$ 7,513,610</b>	<b>\$ 527,122</b>	<b>\$ 8,408,806</b>	<b>\$ (3,248,855)</b>	<b>\$ 197,233</b>	<b>\$ (347,254)</b>	<b>\$ 1,891,797</b>	<b>\$ (1,406,234)</b>	<b>\$ 6,336,226</b>	<b>\$ 4,460,200</b>

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



**Fund Balances, Governmental Funds**

**Last Ten Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved.....	\$ 2,067,450	\$ 2,286,908	\$ 1,592,931	\$ 979,933	\$ 1,961,484	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,707,620	1,187,179	534,398	626,910	1,715,555	-	-	-	-	-
Restricted.....	-	-	-	-	-	86,767	86,767	454,518	530,298	5,649,548
Committed.....	-	-	-	-	-	-	327,128	959,038	1,936,899	2,083,919
Assigned.....	-	-	-	-	-	1,260,786	1,255,617	1,308,703	1,025,883	1,662,421
Unassigned.....	-	-	-	-	-	5,276,801	6,863,867	6,645,152	6,966,806	6,646,114
<b>Total general fund.....</b>	<b>\$ 3,775,070</b>	<b>\$ 3,474,087</b>	<b>\$ 2,127,329</b>	<b>\$ 1,606,843</b>	<b>\$ 3,677,039</b>	<b>\$ 6,624,354</b>	<b>\$ 8,533,379</b>	<b>\$ 9,367,411</b>	<b>\$ 10,459,886</b>	<b>\$ 16,042,002</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 11,128,489	\$ 10,601,464	\$ 10,938,194	\$ 11,732,402	\$ 9,362,759	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	1,178,947	1,408,045	2,977,148	2,325,982	2,841,657	-	-	-	-	-
Capital projects funds.....	(809,858)	(2,910,213)	(594,121)	(1,415,510)	(1,661,998)	-	-	-	-	-
Permanent funds.....	1,238,369	496,936	612,363	1,216,002	402,398	-	-	-	-	-
Nonspendable.....	-	-	-	-	-	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
Unassigned.....	-	-	-	-	-	-	(851,672)	(177,208)	(144,534)	(3,418)
<b>Total all other governmental funds.....</b>	<b>\$ 12,735,947</b>	<b>\$ 9,596,232</b>	<b>\$ 13,933,584</b>	<b>\$ 13,858,876</b>	<b>\$ 10,944,816</b>	<b>\$ 11,952,468</b>	<b>\$ 13,883,614</b>	<b>\$ 16,915,154</b>	<b>\$ 15,218,694</b>	<b>\$ 81,191,641</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**

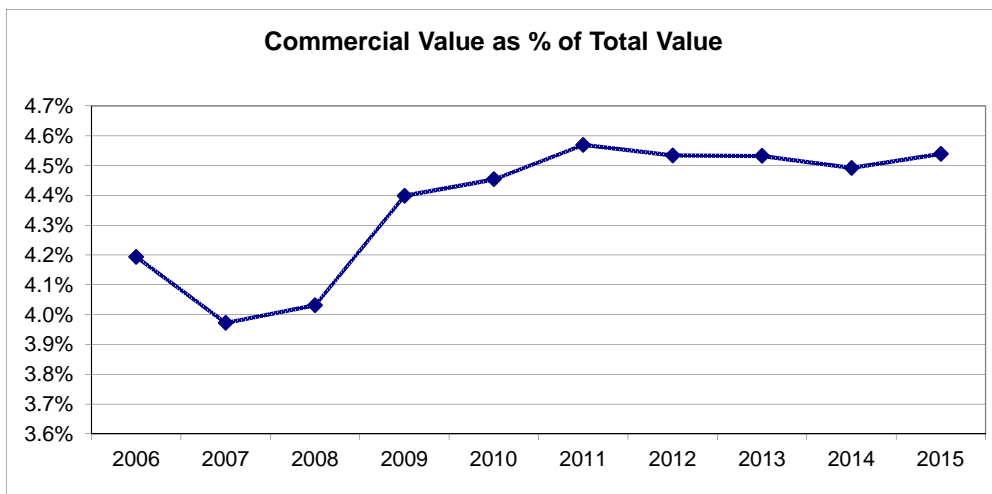
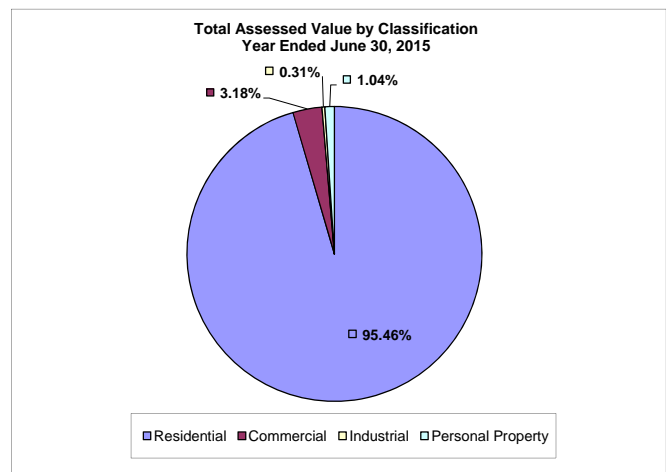
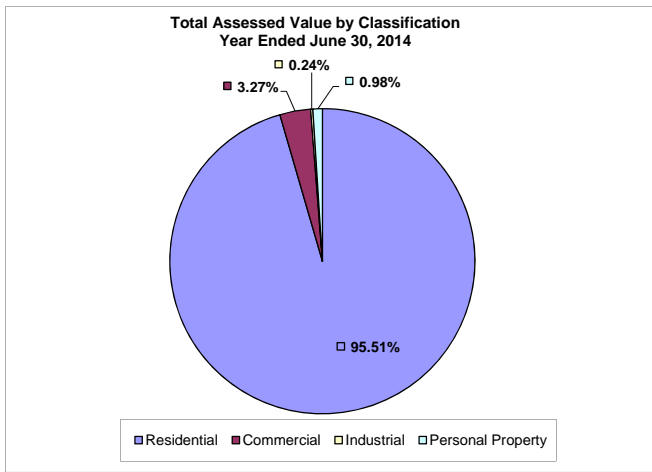
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 32,899,751	\$ 34,753,273	\$ 38,310,697	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979	\$ 51,176,629
Tax liens.....	-	-	-	-	-	-	-	-	-	415,491
Motor vehicle and other excise taxes.....	2,626,191	2,336,044	2,325,182	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763	3,025,388
Penalties and interest.....	291,766	231,409	295,176	413,014	367,174	420,610	498,556	351,965	403,063	422,000
Fees.....	-	-	-	-	139,064	197,399	204,034	1,338,592	419,408	504,848
Licenses and permits.....	707,771	580,033	697,481	490,717	515,326	707,500	715,175	880,443	812,414	812,387
Fines and forfeitures.....	79,617	73,586	67,496	80,288	131,502	103,033	80,716	95,779	99,660	68,513
Intergovernmental.....	20,433,508	16,134,771	16,602,433	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358	18,044,124
Departmental and other.....	3,534,833	3,460,708	3,305,664	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874	5,066,629
Community Preservation surtax.....	790,495	840,630	935,660	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312	1,203,127
Contributions.....	407,803	171,325	301,536	449,298	434,265	145,106	122,159	197,296	170,014	696,070
Investment income.....	678,856	1,070,123	717,396	367,970	188,874	123,988	91,962	76,516	110,983	186,336
<b>Total Revenues.....</b>	<b>62,450,591</b>	<b>59,651,902</b>	<b>63,558,721</b>	<b>67,126,530</b>	<b>70,375,039</b>	<b>70,179,223</b>	<b>76,054,996</b>	<b>75,592,664</b>	<b>80,276,828</b>	<b>81,621,542</b>
<b>Expenditures:</b>										
General government.....	2,222,618	2,059,034	2,254,091	2,979,441	4,725,393	3,429,776	3,327,927	2,771,675	3,272,671	3,784,374
Public safety.....	7,357,581	7,448,082	7,711,551	7,502,617	7,269,292	7,288,645	8,309,063	8,404,591	8,182,628	10,949,793
Education.....	28,575,024	29,633,735	34,158,677	32,660,421	31,965,248	32,850,453	37,050,312	36,361,663	37,757,488	41,648,733
Public works.....	4,627,272	5,628,138	3,592,402	4,885,712	5,487,621	4,179,529	4,012,096	5,732,789	7,752,748	5,852,812
Human services.....	-	-	654,433	668,375	492,225	490,552	554,189	618,433	712,977	800,743
Culture and recreation.....	2,640,655	3,111,747	1,657,153	1,813,187	2,226,679	1,539,837	1,425,568	1,494,656	1,533,887	2,251,639
Community preservation.....	195,371	1,209,176	539,095	266,799	1,386,130	1,670,961	769,314	597,218	2,171,859	1,819,538
Pension benefits.....	-	-	-	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	8,032,901
Employee benefits.....	9,920,989	11,249,825	12,812,347	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426	5,757,387
State and county charges.....	412,750	452,904	440,570	519,199	547,726	520,678	472,015	445,762	476,139	499,806
Debt service:										
Principal.....	733,710	854,287	879,114	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879	1,581,856
Principal - current refunding.....	-	-	-	-	-	-	-	-	-	4,818,188
Interest.....	-	657,190	662,856	663,957	692,885	771,919	579,727	488,798	584,080	533,531
<b>Total Expenditures.....</b>	<b>56,685,970</b>	<b>62,304,118</b>	<b>65,362,289</b>	<b>67,447,506</b>	<b>70,969,457</b>	<b>69,812,951</b>	<b>74,023,095</b>	<b>75,088,623</b>	<b>81,063,511</b>	<b>88,331,301</b>
Excess (deficiency) of revenues over (under) expenditures.....	5,764,621	(2,652,216)	(1,803,568)	(320,976)	(594,418)	366,272	2,031,901	504,041	(786,683)	(6,709,759)
<b>Other Financing Sources (Uses):</b>										
Proceeds from bonds and notes.....	-	-	5,338,500	-	-	3,245,470	1,859,021	3,403,000	-	68,258,000
Proceeds from refunding bonds.....	-	-	-	-	-	-	-	-	-	4,205,000
Premium from issuance of bonds and notes.....	-	-	-	-	-	148,644	18,480	-	-	5,300,269
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	-	-	613,188
Capital lease financing.....	-	-	-	-	-	-	-	-	239,937	-
Transfers in.....	6,030,338	1,744,587	1,594,015	700,000	-	1,691,667	932,770	940,174	1,814,552	2,131,049
Transfers out.....	(6,611,975)	(2,533,069)	(2,138,353)	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)	(2,242,684)
<b>Total other financing sources (uses).....</b>	<b>(581,637)</b>	<b>(788,482)</b>	<b>4,794,162</b>	<b>(274,218)</b>	<b>3,365,070</b>	<b>3,288,955</b>	<b>1,808,270</b>	<b>3,361,531</b>	<b>182,698</b>	<b>78,264,822</b>
<b>Net change in fund balance.....</b>	<b>\$ 5,182,984</b>	<b>(3,440,698)</b>	<b>2,990,594</b>	<b>(595,194)</b>	<b>2,770,652</b>	<b>\$ 3,655,227</b>	<b>\$ 3,840,171</b>	<b>\$ 3,865,572</b>	<b>(603,985)</b>	<b>\$ 71,555,063</b>
Debt service as a percentage of noncapital expenditures.....	1.29%	2.43%	2.36%	3.47%	3.07%	3.20%	2.77%	2.53%	3.15%	2.68%

**Notes:**

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

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

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



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

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

**Principal Taxpayers**

**Current Year and Nine Years Ago**

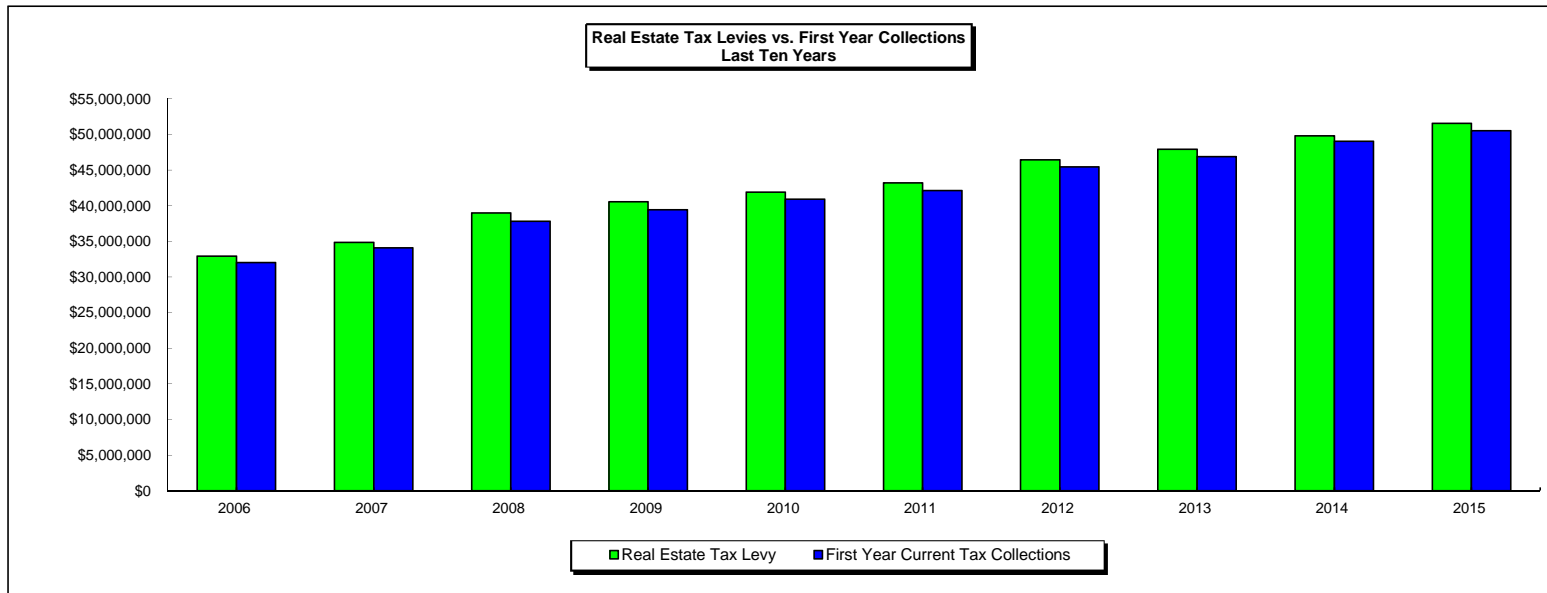
Name	Nature of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bay State Gas Company	Utility	\$ 11,625,280	1	0.29%	\$ 4,703,500	4	0.14%
Massachusetts Electric Company	Utility	11,012,140	2	0.28%	7,010,990	2	0.21%
Abbott P M/Chamberlain Management	Real Estate	7,989,150	3	0.20%	7,155,600	1	0.22%
Kent Village Associates	Housing	5,726,100	4	0.15%	4,336,000	5	0.13%
Verizon New England Inc.	Utility	5,581,400	5	0.14%	3,639,400	9	0.11%
Scituate Solar LLC	Real Estate	5,449,600	6	0.14%	-	-	-
Hatherly Country Club	Country Club	4,261,570	7	0.11%	-	-	-
Individual	Residential	4,236,300	8	0.11%	-	-	-
HCRI Mass. Pro. Inc. Tr./Life Care Ctr	Nursing	4,194,200	9	0.11%	4,636,700	3	0.14%
Suburban Realty Trust	Real Estate	3,830,200	10	0.10%	-	-	-
First Parish Road Co	Real Estate	-	-	-	3,928,600	6	0.12%
Suburban Realty Trust	Real Estate	-	-	-	3,674,700	7	0.11%
Grabau Russell & Co., Inc.	Real Estate	-	-	-	3,605,000	8	0.11%
Sealund, Kaven and Stone Thomas	Real Estate	-	-	-	3,291,000	10	0.10%
<b>Totals \$</b>		<u>63,905,940</u>		<u>1.62%</u>	<u>\$ 45,981,490</u>		<u>1.39%</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
2006	(1)	\$33,028,907	\$115,643	\$32,913,264	99.65%	\$32,012,707	97.26%	\$435,972	\$32,448,679	98.59%
2007		\$35,041,529	\$166,938	\$34,874,591	99.52%	\$34,096,596	97.77%	\$531,195	\$34,627,791	99.29%
2008		\$39,123,270	\$141,118	\$38,982,152	99.64%	\$37,823,804	97.03%	\$739,620	\$38,563,424	98.93%
2009	(1)	\$40,800,384	\$249,897	\$40,550,487	99.39%	\$39,438,104	97.26%	\$564,340	\$40,002,444	98.65%
2010		\$42,053,907	\$152,088	\$41,901,819	99.64%	\$40,930,180	97.68%	\$489,615	\$41,419,795	98.85%
2011		\$43,334,646	\$115,758	\$43,218,888	99.73%	\$42,119,403	97.46%	\$400,032	\$42,519,435	98.38%
2012	(1)	\$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013		\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$551,114	\$47,433,694	98.95%
2014		\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$474,070	\$49,536,413	99.43%
2015	(1)	\$51,671,474	\$112,627	\$51,558,847	99.78%	\$50,540,571	98.03%	\$0	\$50,540,571	98.03%



(1) Revaluation year.

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

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Years**

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2006	18,219	\$ 793,737,000	\$ 4,047,660,220	\$ 12,654,998	\$ -	\$695	1.59%	0.31%
2007	18,319	\$ 837,398,000	\$ 4,216,790,550	\$ 11,800,711	\$ -	\$644	1.41%	0.28%
2008	18,538	\$ 811,816,000	\$ 4,243,304,810	\$ 16,260,097	\$ -	\$877	2.00%	0.38%
2009	18,313	\$ 763,419,000	\$ 4,214,905,410	\$ 14,585,568	\$ -	\$796	1.91%	0.35%
2010	18,297	\$ 819,169,000	\$ 3,982,377,590	\$ 16,829,570	\$ -	\$920	2.05%	0.42%
2011	17,985	\$ 869,098,000	\$ 3,851,701,910	\$ 14,878,322	\$ -	\$827	1.71%	0.39%
2012	18,234	\$ 902,123,724	\$ 3,782,198,290	\$ 15,263,015	\$ -	\$837	1.69%	0.40%
2013	18,648	\$ 936,404,426	\$ 3,780,043,710	\$ 17,252,157	\$ -	\$925	1.84%	0.46%
2014	18,847	\$ 971,987,794	\$ 3,826,611,390	\$ 15,484,278	\$ 206,248	\$833	1.61%	0.41%
2015	18,847	\$ 1,008,923,330	\$ 3,942,097,250	\$ 87,553,879	\$ 176,890	\$4,655	8.70%	2.23%

Year	Business-Type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2006	\$ 34,444,242	\$ 32,248	\$ 47,131,488	\$2,587	5.94%	1.16%
2007	\$ 32,174,920	\$ 148,639	\$ 44,124,270	\$2,409	5.27%	1.05%
2008	\$ 31,580,104	\$ 206,854	\$ 48,047,055	\$2,592	5.92%	1.13%
2009	\$ 29,467,207	\$ 166,190	\$ 44,218,965	\$2,415	5.79%	1.05%
2010	\$ 30,117,542	\$ 134,305	\$ 47,081,417	\$2,573	5.75%	1.18%
2011	\$ 31,721,353	\$ 116,999	\$ 46,716,674	\$2,598	5.38%	1.21%
2012	\$ 30,443,774	\$ 65,028	\$ 45,771,817	\$2,510	5.07%	1.21%
2013	\$ 33,747,274	\$ 70,717	\$ 51,070,148	\$2,739	5.45%	1.35%
2014	\$ 30,557,908	\$ 91,624	\$ 46,340,058	\$2,469	4.74%	1.20%
2015	\$ 42,946,188	\$ 127,924	\$ 130,804,881	\$6,940	12.96%	3.32%

Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2015**

<u>Town of Scituate, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Debt repaid with property taxes:			
Plymouth County.....\$	2,475,000	5.90%	\$ 146,025
Massachusetts Bay Transportation Authority.....	5,145,089,000	0.030%	1,543,527
South Shore Regional Vocational Technical School District (SSRSD).....	805,000	7.58%	<u>61,019</u>
Estimated share of overlapping debt.....			<u>1,750,571</u>
Town direct debt.....			<u>87,730,769</u>
Total direct and overlapping debt.....			<u>\$ 89,481,340</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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equalized Valuation.....	\$ 4,327,989,400	\$ 4,327,989,400	\$ 4,575,033,600	\$ 4,575,033,600	\$ 4,326,753,800	\$ 4,326,753,800	\$ 4,137,906,200	\$ 4,137,906,200	\$ 4,103,767,600	\$ 4,103,767,600
Debt Limit -5% of Equalized Valuation.....	\$ 216,399,470	\$ 216,399,470	\$ 228,751,680	\$ 228,751,680	\$ 216,337,690	\$ 216,337,690	\$ 206,895,310	\$ 206,895,310	\$ 205,188,380	\$ 205,188,380
Less:										
Outstanding debt applicable to limit.....	47,099,740	43,975,631	47,840,201	44,052,776	40,378,637	46,445,430	42,612,765	50,875,921	34,685,631	52,276,219
Authorized and unissued debt.....	20,344,045	16,108,555	10,168,525	20,793,525	25,765,797	18,003,396	18,198,557	6,072,096	11,247,288	71,060,704
Legal debt margin.....	\$ 148,955,685	\$ 156,315,284	\$ 170,742,954	\$ 163,905,379	\$ 150,193,256	\$ 151,888,864	\$ 146,083,988	\$ 149,947,293	\$ 159,255,461	\$ 81,851,457
Total debt applicable to the limit as a percentage of the limit.....	31.17%	27.77%	25.36%	28.35%	30.57%	29.79%	29.39%	27.53%	22.39%	60.11%

Source: Town Accountant's Office, Town of Scituate



## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	18,219	\$ 793,737,000	\$ 44,390	45	3,256	3.90%
2007	18,319	\$ 837,398,000	\$ 46,714	45	3,218	3.70%
2008	18,538	\$ 811,816,000	\$ 44,369	45	3,440	5.10%
2009	18,313	\$ 763,419,000	\$ 42,101	45	3,247	6.70%
2010	18,297	\$ 819,169,000	\$ 45,176	45	3,277	7.00%
2011	17,985	\$ 869,098,000	\$ 47,824	45	3,286	5.70%
2012	18,234	\$ 902,123,724	\$ 49,475	45	3,276	5.30%
2013	18,648	\$ 936,404,426	\$ 50,215	45	3,286	5.70%
2014	18,847	\$ 971,987,794	\$ 51,573	45	3,122	5.20%
2015	18,847	\$ 1,008,923,330	\$ 53,532	45	3,097	4.50%

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**

<b>Employer</b>	<b>Nature of Business</b>	<b>2015</b>			<b>2006</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Town of Scituate	Municipal Government	776	1	8.11%	620	1	6.47%
Life Care Center	Nursing Home	185	2	1.93%	135	2	1.41%
Scituate Marketplace	Supermarket	65	3	0.68%	120	3	1.25%
Total		<u>1,026</u>		<u>10.72%</u>	<u>875</u>		<u>9.13%</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function										
General government.....	27	27	26	26	26	26	28	28	30	31
Police.....	39	38	38	38	35	35	33	33	33	34
Fire.....	56	56	55	57	53	52	53	53	53	53
Education.....	484	486	402	412	388	365	376	379	396	466
Water.....	11	12	11	13	12	11	12	12	12	13
Sewer.....	8	7	7	9	7	8	8	8	8	8
Solid waste.....	5	5	5	4	4	4	4	4	4	4
Public works.....	24	26	25	28	25	24	25	25	23	27
Human services.....	8	8	8	8	7	7	8	8	8	9
Culture and recreation.....	22	21	26	25	24	24	23	22	22	22
Total .....	<u>682</u>	<u>684</u>	<u>602</u>	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>	<u>667</u>

Source: Town personnel records and various Town departments.

## Operating Indicators by Function/Program

### Last Ten Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Population.....	18,219	18,319	18,538	18,313	18,297	17,985	18,234	18,648	18,847	18,847
Registered voters, annual town election.....	12,680	12,806	12,680	13,121	12,924	13,048	13,827	13,941	13,961	14,170
<b>Town Clerk</b>										
Births.....	144	137	126	131	140	145	167	161	152	172
Marriages.....	61	67	59	68	49	54	74	78	70	56
Deaths.....	193	181	185	193	200	219	176	167	174	207
<b>Police</b>										
MV Accidents investigated by an officer.....	275	279	211	211	199	232	251	232	252	287
Citations issued.....	819	733	927	1,206	903	851	712	808	904	199
Arrests.....	368	338	280	411	395	382	285	290	314	241
Total Incidents.....	15,076	14,123	14,374	14,554	14,688	14,852	14,268	16,480	17,850	16,074
<b>Fire</b>										
Permits/certificate issued.....	1,802	1,569	1,487	1,175	1,015	1,015	942	1,289	1,228	1,270
False alarm.....	194	228	250	256	290	333	292	342	325	346
Fires.....	96	99	92	68	104	75	118	82	88	79
Rescue/EMS incidents.....	1,741	1,717	1,810	1,823	1,928	1,895	1,823	1,981	1,925	1,880
Total Incidents.....	2,741	2,633	2,755	2,735	2,846	2,986	2,928	3,256	2,963	3,017
<b>Building Department</b>										
Building permits issued.....	874	775	629	625	604	797	789	869	822	926
Gas & Plumbing permits issued.....	943	694	694	654	688	763	785	1,098	1,046	892
Electrical permits issued.....	730	613	594	540	554	589	606	814	844	648
<b>Education</b>										
Public school enrollment.....	3,256	3,218	3,440	3,247	3,277	3,286	3,276	3,286	3,122	3,097
High school graduates.....	199	188	231	189	174	175	208	206	185	205
<b>Public Works</b>										
<b>Water</b>										
Service connections.....	7,445	7,473	7,503	7,541	7,573	7,624	7,641	7,636	7,659	7,721
Consumption in millions of gallons.....	623	594	648	679	638	549	516	545	552	452
Daily consumption in millions of gallons.....	1.71	1.63	1.78	1.86	1.75	1.50	1.41	1.49	1.51	1.24
<b>Highway</b>										
Miles of public road.....	100	100	100	101	101	101	101	101	101	103
<b>Human Services</b>										
<b>Board of Health</b>										
Inspections.....	732	791	577	527	609	612	549	549	590	577
Sewage Permits.....	374	225	149	120	99	106	85	85	69	91
<b>Council on Aging</b>										
Total Rides .....	16,432	12,808	7,330	6,406	6,406	6,757	6,860	6,845	6,542	6,976
<b>Library</b>										
Circulation.....	235,034	237,628	256,930	285,866	273,484	279,607	262,136	250,194	236,357	243,490
Visitors.....	101,032	109,337	115,411	126,952	140,155	155,544	153,247	138,640	140,109	155,000
Volunteer hours of service.....	820	1,101	652	717	1,872	1,673	1,369	1,178	770	570

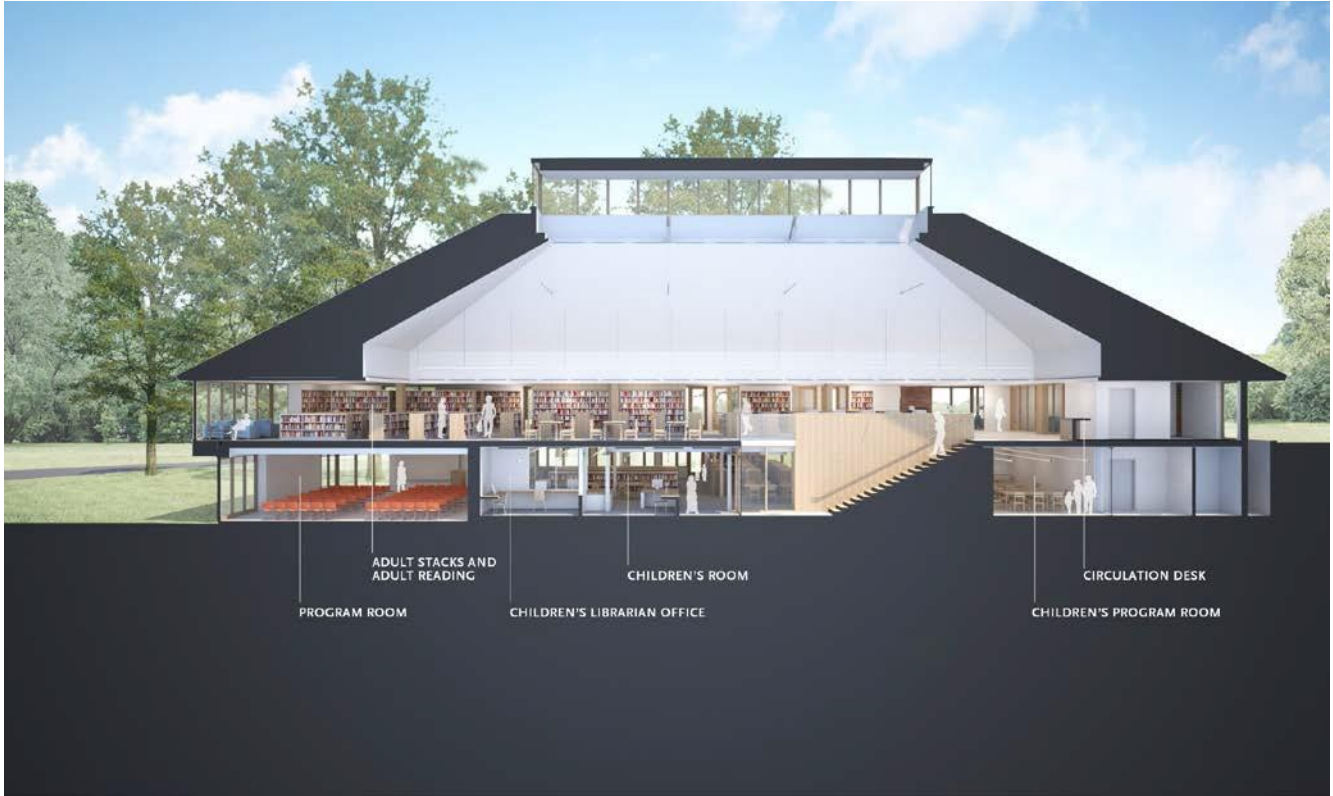
Source: Various Town Departments & annual reports

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</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

Source: Various Town Departments



*At the November 2013 special town meeting, the Town approved a debt exclusion of \$12M to renovate the Scituate Town Library located at 85 Branch Street. The cost will be offset by a \$5M construction grant from the Massachusetts Library Building Commissioners and private donations. The library moved to a temporary site within Town on June 5, 2015 until renovation work is completed on the existing site with an expected re-opening date in the fall of 2016.*



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www.lockelord.com

(Date of Delivery)

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

\$3,805,000  
Town of Scituate, Massachusetts  
General Obligation Refunding Bonds  
Dated March 30, 2016

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

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

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

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

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

certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

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

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

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

LOCKE LORD LLP



**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Scituate, Massachusetts (the “Issuer”) in connection with the issuance of its \$3,805,000 General Obligation Refunding Bonds dated March 30, 2016 (the “Bonds”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“Obligated Person” shall mean the Issuer.

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

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

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate

documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March 15, 2016 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

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

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

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the payment in full of all of the Bonds. If such

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

termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

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

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

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

Date: March 30, 2016

TOWN OF SCITUATE,  
MASSACHUSETTS

By \_\_\_\_\_  
Treasurer

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Selectmen

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