

**FINAL OFFICIAL STATEMENT DATED NOVEMBER 21, 2019**

**TOWN OF SCITUATE, MASSACHUSETTS**

**\$9,120,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

Dated  
December 13, 2019

Due  
December 11, 2020

---

<u>Number</u>	<u>Award</u>	<u>Coupon Rate</u>	<u>Yield</u>	<u>CUSIP</u>
1	\$ 9,120,000	1.75%	1.15%	809095 XY3

**Jefferies**

*Purchaser*

---

The provisions of the accompanying PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED NOVEMBER 12, 2019 supplemented and modified hereby, are incorporated in and made part of this Final Official Statement.

**Hilltop Securities Inc.**

*Financial Advisor*

## PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED NOVEMBER 12, 2019

Rating:  
S&P Global Ratings: SP-1+

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

### TOWN OF SCITUATE, MASSACHUSETTS \$9,120,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

The Town of Scituate, Massachusetts (the "Town"), will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via PARITY in the case of electronic bids until 11:00 a.m., eastern time, Thursday, November 21, 2019 for the purchase of the following described General Obligation Bond Anticipation Notes (the "Notes").

\$9,120,000 General Obligation Bond Anticipation Notes (new and renewal). The Notes will be dated December 13, 2019 and will be payable December 11, 2020. Interest will be computed on a 30-day-month/360-day-year basis (358/360). The Notes will not be subject to redemption prior to their stated maturity date.

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

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

Bids for the Notes may be submitted for all or part of the Notes at a single or various rates of interest in multiples of one-hundredth (1/100) of one percent (1%). The Notes will be awarded on the basis of the lowest net interest cost to the Town. No bid of less than par and accrued interest to the date of delivery will be considered **and no coupon greater than 3.25% will be accepted. A premium of at least \$2.20 must be included for each \$1,000 bid.** The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid. The Notes will be awarded on the basis of lowest net interest cost to the Town after deduction of premium, if any. Such cost will be determined by computing the total amount of interest payable on the Notes, at the rate or rates stated, from December 13, 2019 until the maturity of the Notes and deducting therefrom the sum, if any, by which the amount bid for the Notes exceeds the aggregate principal amount of the Notes. In the event a bidder offering a premium for the Notes is awarded a lesser amount of Notes than bid, the premium shall be reduced proportionately.

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

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

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

A successful bidder for the Notes may request that the Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate or certificates, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests.

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

Establishment of Issue Price. The following applies to each successful bidder with respect to the portion of the Notes awarded to such successful bidder.

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

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

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

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

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

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Notes to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder

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

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

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

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

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

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

evidence that each underwriter of the Notes, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

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

The purchaser(s) of the Notes will be furnished the opinion of Locke Lord LLP, Boston, Massachusetts approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may be subject to the exercise of judicial discretion in appropriate cases. The Notes will be valid and binding general obligations of the Town of Scituate, Massachusetts and unless paid from the bond proceeds in anticipation of which they are issued or from other sources, are payable as to both principal and interest from taxes which may be levied upon all the property within the territorial limits of the Town without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of principal and interest payments that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the Town has not voted to exempt from that limit.

Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source.

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

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

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated November 12, 2019 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within seven (7) business days following the award of the Notes and receipt of necessary information from the successful bidder(s), five (5) copies of the Final Official Statement will be made available to the successful bidder(s). Upon request, additional copies will be provided at the expense of the requesting successful bidder.

The Notes, in definitive form, will be delivered to DTC or the office of its custodial agent, or to the registered owner if a fully registered certificate or certificates is requested by the successful bidder and approved by the Town, on or about December 13, 2019 for credit to the Town in federal reserve funds.

---

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

November 12, 2019

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]  
Town of Scituate, Massachusetts  
\$9,120,000 General Obligation Bond Anticipation Notes dated December 13, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

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

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

**2. Defined Terms.**

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

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is November 21, 2019.

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

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

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

Dated: \_\_\_\_\_, 2019

[NAME OF Successful Bidder]

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

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

---

**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the 10% Test to Apply]  
Town of Scituate, Massachusetts  
\$9,120,000 General Obligation Bond Anticipation Notes dated December 13, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Scituate, Massachusetts (the “Issuer”).

**1. Sale of the Notes.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

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

For each Maturity of the Notes as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Notes, until at least 10% of each such Maturity of the Notes is sold to the Public (the “10% test”) or all of the Notes are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Notes of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Notes or until all the Notes of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

**2. Defined Terms.**

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

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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

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

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

Dated: \_\_\_\_\_, 2019

By: \_\_\_\_\_  
[Successful Bidder][Representative]  
Name:  
Title:



**SALE PRICES  
(To be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Used]  
Town of Scituate, Massachusetts  
\$9,120,000 General Obligation Bond Anticipation Notes dated December 13, 2019**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Scituate, Massachusetts (the “Issuer”).

**1. Sale of the Notes.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Notes, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) \_\_\_\_\_, 2019 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**2. Defined Terms.**

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

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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

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

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

Dated: \_\_\_\_\_, 2019

[Successful Bidder][Representative]

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

**SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)**

**PRELIMINARY OFFICIAL STATEMENT  
TOWN OF SCITUATE, MASSACHUSETTS  
\$9,120,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the Town of Scituate, Massachusetts (the "Town") in connection with the sale of \$9,120,000 principal amount of its General Obligation Bond Anticipation Notes (the "Notes"). The information contained herein has been furnished by the Town except information attributed to another source.

**Description of the Notes**

The Notes will be dated December 13, 2019 and will be payable by U.S. Bank National Association, Boston, Massachusetts, or its successor, as Paying Agent, on December 11, 2020. The Notes are not subject to redemption prior to their stated maturity date. The Notes will bear interest payable at maturity, calculated on a 30 day-month/360 day-year basis (358/360), at the rate determined upon their sale in accordance with the Notice of Sale dated November 12, 2019. The Notes will be issued by means of a book-entry system evidencing ownership of the Notes in principal amounts of \$1,000, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the successful bidder and the issuance of such certificate is approved by the Town. See "Book-Entry Transfer System" herein.

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

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

Purpose	This Issue	Original Bond Authorization	Bond Anticipation Notes Outstanding	Statutory Reference	Dates of Approval
Public Safety Complex	192,000	751,000 (1)	200,000 (2)	Ch. 44, s.7(1)	11/2/15, art. 8
Water Pipe Improvement & Replacement	6,426,000	22,000,000	6,044,000 (3)	Ch. 44, s.8(5)	11/4/13, art. 11
Well 17A Upgrade	314,000	1,120,510	130,000 (4)	Ch. 44, s.8(4)	4/9/18, art. 3RR
FEMA Foreshore Design	500,000	4,000,000	500,000 (5)	Ch. 44, s.7(1)	11/14/18, art. 5
Emergency Water Treatment Plant	1,253,000	1,253,000	1,253,000 (5)	Ch. 44, s.8(4)	11/14/18, art. 6
Harbor/River Dredging	135,000	200,000	-	Ch. 44, s.7(1)	4/13/15, art. 3N
Copper Limit Reduction Feasibility Study	300,000	420,000	-	Ch. 44, s. 7(1)	4/26/17, art. 3EE
	<u>\$ 9,120,000</u>		<u>\$ 8,127,000</u>		

(1) On January 10, 2015, the Town voted to exempt this authorization from the limitations of Proposition 2 ½ (Question 1).

(2) This issue, along with \$8,000 of available funds, will renew bond anticipation notes maturing December 13, 2019.

(3) This issue, along with \$365,000 of available funds, will renew bond anticipation notes maturing December 13, 2019. This issue includes \$747,000 of new money.

(4) This issue, along with \$1,000 of available funds will renew bond anticipation notes maturing December 13, 2019. This issue includes \$185,000 of new money.

(5) This issue will renew bond anticipation notes maturing December 13, 2019.

**Tax Exemption**

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

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

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

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

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

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

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

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

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

replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Security and Remedies**

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

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

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

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

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

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

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

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

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

**Bankruptcy.** Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter



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

### **Bank Eligibility**

The Notes will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

### **Opinion of Bond Counsel**

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

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

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

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

### **Disclosure of Significant Events**

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

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

**In the past five years, the Town believes 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 has implemented procedures to assist in complying with its continuing disclosure obligations, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.**

## 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 18,760, 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 1,700 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 V. Vegnani, Chair	Elected - 3-year term	2020
	Shawn Harris, Vice Chair	Elected - 3-year term	2020
	Karen B. Canfield, Clerk	Elected - 3-year term	2022
	Maura C. Curran	Elected - 3-year term	2021
	Karen E. Connolly	Elected - 3-year term	2022
Town Administrator	James Boudreau	Appointed	Indefinite
Treasurer/Collector	Pamela Avitabile	Appointed	2019
Finance Director/ Accountant	Nancy Holt	Appointed	2020
Town Clerk	Kathleen Gardner	Elected - 3 year term	2021
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. Phases I and II are complete. Construction on the final phase was completed in the fall of 2019.

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

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

The Town of Scituate has three fire stations. At the present time, the department has a chief, deputy chief, four captains, four lieutenants and forty full-time fire fighters. The Public Safety Services Department is also responsible for the Town's advanced life support ambulance service and emergency medical and rescue operation.

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

**Library Services** - The municipal library was completed and occupied in 1978 and the construction cost was fully funded by the federal government. The library offers a variety of services and programs to Scituate residents in all age groups. Traditional library services are enhanced by modern technologies and innovative information systems. The library is centrally located and serves as a convenient meeting place for community groups. The Board of Library Trustees is responsible for establishing policies governing the operation of the library. On November 4, 2013, the Town approved a \$12,000,000 library renovation project which was offset with a \$4,985,480 public construction grant from the Massachusetts Board of Library Commissioners and \$1.4 million in private donations. On December 14, 2013, the Town voted to exclude this debt from the limitations of Proposition 2 ½. The renovated building re-opened to the public in June 2017.

**Recreation** - The Town operates two public marinas comprised of 236 slips with permanent and transient docking facilities for commercial and pleasure boats. Fifteen additional slips were added in the spring of 2011. The Town recently received \$840,500 in a Seaport Economic Advisory Council grant to make improvements to its marinas and a \$27,000 Massachusetts Commission on Disabilities grant for accessibility improvements. The Town also received a \$58,000 grant for the purchase of a new pump-out boat in 2019. 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.

## 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>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Pre-K	68	71	77	72	70
Grades K-5	1,630	1,491	1,267	1,292	1,319
Grades 6-8	493	521	722	682	665
Grades 9-12	903	915	922	952	929
Ungraded	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>7</u>
Total	<u>3,094</u>	<u>2,998</u>	<u>2,988</u>	<u>3,005</u>	<u>2,990</u>

(1) As of October 1 each school year.

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

	<u>Projected Annual Enrollments</u>	
	<u>2020/21</u>	<u>2020/21</u>
Pre-K	72	72
Grades K/6	1,339	1,359
Grades 7/8	675	685
Grades 9/12	942	956
Ungraded	<u>7</u>	<u>7</u>
Total	<u>3,035</u>	<u>3,079</u>

Source: Superintendent of Schools.

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

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

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

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

Source: Town Clerk.

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

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

Source: U.S. Bureau of the Census.

#### **Largest Employers**

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

## Building Permits

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

<u>Fiscal Year</u>	<u>New Construction</u>		<u>Additions/Alterations</u>		<u>Total</u>	
	<u>Residential/Non-Residential</u> <u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
2019	25	\$10,673,875	933	\$38,868,676	958	\$49,542,551
2018	35	17,937,048	777	22,875,232	812	40,812,280
2017	49	14,446,208	748	29,136,478	797	43,582,686
2016	35	79,372,168	812	42,129,725	847	121,501,893 (1)
2015	46	12,801,915	784	19,135,916	830	31,937,831

Source: Building Commissioner.

(1) Increases attributable to the Town's new middle school (\$52,774,710), public safety building (\$15,251,000), library (\$9,300,000) and Inly School (\$3,763,555) projects.

## Economic Development

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

DEVELOPMENT	UNITS/COMMERCIAL SPACE APPROVED	CONSTRUCTION STATUS	% COMPLETE
<b>50 Country Way Greenbush Station</b>	30 apartments in 3 buildings Mixed use development	Site work winding down. Residential Building B & C under construction. Bldg. A occupied	75% Complete.
<b>Aquinnah Path</b>	Lots were entitled to endorsement since pre-existing on Land Court Plan. Storm water permit issued.	Road upgraded. Needs SW Certificate of Completion (COC)	99% Complete.
<b>178/180/182 First Parish Road</b>	3 lots with 2 lot common drive	3 common driveway constructed & 3 COC waiting	95% Complete.
<b>Laurelwood</b>	24 lots; 21 single family homes in Norwell and 3 vacant lots in Scituate.	Taxes not paid. No permits issued in Scituate	10% Complete.
<b>37/39/41/43 Otis Place</b>	4 new homes in walking distance to Scituate Harbor; new development and redevelopment.	Homes completed and occupied. Need SW COC and As-Built	95% Complete.
<b>167 Driftway</b>	Town Dog Park	Phase I almost complete. Waiting for As-Builts Seeking alternate funding for Phase II.	50% Complete.
<b>Seaside at Scituate (Toll Brothers)</b>	142 age restricted townhomes and 10 single family homes off of Hatherly Road.	Residential Cluster Development approved. Construction progressing. Roads in Phase I to bidder. Phase II commencing. 42 Townhomes & 1 Single Family rec'd building permits.	25% Complete.
<b>Curtis Estates (90 Ann Vinal Road)</b>	16 single family homes under a Flexible Open Space Definitive Subdivision	Road Construction to bidder. 7 lots released & 6 building permits issued.	25% Complete.
<b>75 &amp; 79 Mann Lot Rd. 4 &amp; 6 Creelman Drive</b>	4 ANR lots which require a Stormwater permit.	4 houses occupied w CO's. Need Stormwater COC.	95% Complete.
<b>Herring Brook Meadow 40B</b>	60 rental units	ZBA approved. Site work started	2% Complete.
<b>Lawson Green Apts 40B</b>	30 apartments behind Central Park	ZBA approved. Applicant waiting for funding.	1% Complete.
<b>Mullaney's Seafood 8 Allen Place</b>	Redevelopment of existing retail space	Approval granted. Received demolition permit.	15% Complete.
<b>Roach Field – Parking Lot</b>	New 35 car gravel parking area & improvements to existing.	Site Plan review granted. Additional funding approved at Fall STM. Waiting for as-builts	95% Complete.

<b>DEVELOPMENT</b>	<b>UNITS/COMMERCIAL SPACE APPROVED</b>	<b>CONSTRUCTION STATUS</b>	<b>% COMPLETE</b>
<b>Riverway Condominiums (60 New Driftway)</b>	26 condominiums and commercial building with 2 rental apts approved	26 condominiums built 19 CO's issued – comm'l bldg not complete	85% Complete.
<b>Stockbridge Landing (formerly Stockbridge Woods) (96 Stockbridge Rd.)</b>	74 condos 68 duplexes (40B development) 17 Affordable Units	No building permits issued. Final approvals being sought	10% Complete.
<b>Deer Common (530 Chief Justice Cushing Highway)</b>	12 lot subdivision approved.	Road base, drainage & utilities installed - 12 building permits issued, 11 CO's issued	95% Complete.
<b>35 Dreamworld Rd</b>	3 lot common driveway with one additional Form A lot approved.	Common driveway base and utilities done. 4 homes, 3 CO's issued.	70% Complete.
<b>The Glen (Kevin's Way)</b>	10 lot subdivision (duplexes)	As-built being prepared	95% Complete.
<b>Benjamin Studley Farm (214 Clapp Rd)</b>	9 lot subdivision	Road base and drainage constructed. Top coat and last CO this fall.	50% Complete.
<b>White Ash Farm (305 Country Rd)</b>	3 lot subdivision	Road complete. 1 CO issued 1 house occupied	75% Complete.
<b>Scituate Middle School</b>	New Middle School Construction	Minor punch list items. School occupied	99% Complete.
<b>Scituate Town Library</b>	New Library Construction	Minor punch list items. Library occupied	99% Complete.
<b>Scituate Public Safety Building</b>	Full size public safety building with all police dept offices & services, jail cells, 3 bay fire station, central dispatch and training rooms	Minor punch list items. PSB occupied	99% Complete.
<b>6 MacDonald Terrace</b>	Mixed use development for 5 residential condos and 1 office unit	Special permit recorded.	1% Complete.
<b>92 Neal Gate</b>	2 lots common driveway	Driveway and House is under construction	75% Complete.
<b>MBTA Property on Driftway-Drew Co.</b>	Mixed Use. 78 residential rental units with retail & commercial use	Project approved. Construction not started.	5% Complete.
<b>Scituate Senior Center</b>	New 15,650 sf building proposed at former Gates School site	Planning Board has approved. Appeal filed 10/8/19	5% Complete.
<b>60 Country Way Mixed Use</b>	Warehouse, Office with existing residence	Special Permit approved	5% Complete.
<b>443-461 Chief Justice Cushing HW</b>	3 common driveways for 8 duplex units. 16 total units.	In permitting process	1% Complete.
<b>0-483 Country Way</b>	Residential Compound Development for 5 lots	In permitting process	1% Complete.
<b>High School Track &amp; Fields</b>	Revamping of track and fields	Under constructions	25% 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 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Gross Amount to be Raised:					
Appropriations	\$ 97,873,160	\$ 94,195,308	\$ 90,478,878	\$ 89,970,851	\$ 78,467,790
Other Local Expenditures	412,617	190,872	1,201,922	1,190,344	31,658
State & County Charges	768,417	740,503	698,248	530,824	477,839
Overlay Reserve	250,000	249,617	250,001	275,943	275,000
Total Gross Amount to be Raised	99,304,194	95,376,300	92,629,049	91,967,963	79,252,287
Offsets:					
Estimated Receipts - State	7,835,793	7,681,321	7,578,880	7,245,208	7,085,154
Estimated Receipts - Local	21,347,823	22,417,121	21,045,196	21,190,323	17,627,902
Appropriated:					
Free Cash	3,876,451	2,068,103	1,598,071	2,730,410	2,081,239
Other Available Funds	2,343,457	1,219,888	2,170,462	3,078,920	816,518
Free Cash & Other Revenue					
Used to Reduce the Tax Rate	-	-	-	-	-
Total Offsets	35,403,525	33,386,433	32,392,609	34,244,861	27,610,813
Net Amount to be Raised (Tax Levy)	\$ 63,900,669	\$ 61,989,867	\$ 60,236,440	\$ 57,723,102	\$ 51,641,474
Assessed Valuation	\$ 4,650,703,740	\$ 4,443,718,080	\$ 4,275,119,960	\$ 4,082,256,130	\$ 3,942,097,250
Tax Rate per \$1,000 (1)	\$ 13.74	\$ 13.95	\$ 14.09	\$ 14.14	\$ 13.10

Source: Board of Assessors.

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

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



## Valuations and Tax Levies

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

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

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

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

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

Fiscal Year	Assessed Valuations (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
2020 (3)	\$ 4,824,430,040	\$ 50,621,640	\$ 4,875,051,680	\$ 4,819,519,000	101.2 %
2019	4,604,202,680	46,501,060	4,650,703,740	4,819,519,000	96.5
2018	4,399,264,860	44,453,220	4,443,718,080	4,433,619,600	100.2
2017	4,230,376,390	44,743,570	4,275,119,960	4,433,619,600	96.4
2016	4,040,564,100	41,692,030	4,082,256,130	4,103,737,600	99.5
2015	3,900,972,700	41,124,550	3,942,097,250	4,103,737,600	96.1

(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.

(3) Preliminary, subject to revision and change.

## Classification of Property

Type	Fiscal 2020 (1)		Fiscal 2019		Fiscal 2018	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 4,667,591,742	95.7 %	\$ 4,450,617,970	95.7 %	\$ 4,258,651,412	95.8 %
Commercial	144,427,298	3.0	140,706,810	3.0	127,874,848	2.9
Industrial	12,411,000	0.3	12,877,900	0.3	12,738,600	0.3
Personal	50,621,640	1.0	46,501,060	1.0	44,453,220	1.0
Total	<u>\$ 4,875,051,680</u>	<u>100.0 %</u>	<u>\$ 4,650,703,740</u>	<u>100.0 %</u>	<u>\$ 4,443,718,080</u>	<u>100.0 %</u>

Source: Massachusetts Department of Revenue.

(1) Preliminary, subject to revision and change.

## Largest Taxpayers

The following is a list of the Town's ten largest taxpayers based upon assessed valuations for preliminary fiscal 2019, all of whom are current in their tax payments:

Name	Type of Business	Total Assessed Valuation for Fiscal 2019	Fiscal 2019 Tax Levy	% of Total Levy
Bay State Gas Company	Utility	\$ 16,439,220	\$ 226,204	0.35 %
Massachusetts Electric Company	Utility	11,894,180	163,664	0.26
Abbott P M/Chamberlain Mng Co.	Real Estate	9,318,300	128,220	0.20
Kent Village Associates	Housing	6,907,700	95,050	0.15
Greenbush Station LLC	Housing	5,311,300	73,083	0.11
Scituate Solar LLC	Real Estate	5,164,500	71,064	0.11
Comcast of Massachusetts	Utility	5,017,060	69,035	0.11
Hatherly Country Club	Country Club	4,788,800	65,894	0.10
South Shore Real Estate	Real Estate	4,591,900	63,185	0.10
Kerns, Kevin P & Lisa M Trust	Real Estate	3,947,300	54,315	0.08
Total		<u>\$ 73,380,260</u>	<u>\$ 1,009,714</u>	<u>1.58 %</u>

## Abatements and Overlay

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

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

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

Fiscal Year	Gross Tax Levy	Overlay Allowance		Exemptions/ Abatements Granted thru Fiscal Year	Overlay Excess (Deficit)
		Dollar Amount	Percent of Levy		
2019 (1)	\$63,900,669	\$250,000	0.4%	\$179,680	\$70,320
2018	61,989,867	249,617	0.4	142,793	106,824
2017	60,236,440	250,001	0.4	85,674	164,327
2016	57,723,102	275,943	0.5	143,212	132,713
2015	51,671,474	275,000	0.5	196,268	78,732

Source: Board of Assessors.

(1) Revaluation year

## Tax Collections

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

<u>Fiscal Year</u>	<u>Gross Tax Levy</u>	<u>Overlay Reserve for Abatements</u>	<u>Net Tax Levy (1)</u>	<u>% of Net Collected at June 30 (2,3,4)</u>
2019	\$63,900,669	\$250,000	\$63,650,669	99.0%
2018	61,989,867	249,617	61,740,250	98.5
2017	60,236,440	250,001	59,986,439	98.9
2016	57,723,102	275,943	57,447,159	98.8
2015	51,641,474	275,000	51,366,474	98.9

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

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

## Tax Titles and Possessions

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

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

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

## Taxes Outstanding

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

<u>As of 6/30</u>	<u>Aggregate Overdue Property Taxes at FY-End (1)</u>	<u>Tax Titles</u>	<u>Tax Possessions</u>
2019	\$675,748	\$809,582	\$605,179
2018	809,660	783,472	521,719
2017	730,860	794,795	521,719
2016	693,529	1,034,449	377,376
2015	633,122	1,233,725	310,451

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				
	2019	2018	2017	2016	2015
Primary Levy Ceiling (2)	\$ 116,267,594	\$ 111,092,952	\$ 106,877,999	\$ 102,056,403	\$ 98,552,431
Prior Fiscal Year Levy Limit	55,646,272	53,730,738	51,924,064	50,137,901	48,365,077
2.5% Levy Growth	1,391,157	1,343,268	1,298,102	1,253,448	1,209,127
Current Fiscal Year New Growth (3)	836,775	572,266	508,572	532,715	563,697
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	57,874,204	55,646,272	53,730,738	51,924,064	50,137,901
Current Fiscal Year Debt Exclusion	6,327,833	6,691,107	6,824,558	6,106,818	1,534,203
Tax Levy Limit	64,202,037	62,337,379	60,555,296	58,030,882	51,672,104
Tax Levy	63,900,669	61,989,867	60,236,440	57,723,102	51,641,474
Unused Levy Capacity (4)	301,368 <sup>(6)</sup>	347,512 <sup>(6)</sup>	318,856 <sup>(6)</sup>	307,780 <sup>(6)</sup>	30,630
Unused Primary Levy Capacity (5)	\$ 58,393,390	\$ 55,446,680	\$ 53,147,261	\$ 50,132,339	\$ 48,414,530

(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>
2019	\$ 1,569,582	\$ 320,322	\$ 10,705,452
2018	1,494,185	273,119	9,475,549
2017	1,451,844	310,246	8,671,987
2016	1,377,760	396,304	8,204,881
2015	1,224,067	407,734	2,319,116
2014	1,176,227	648,377	6,670,373

## 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 2020	Appropriated Fiscal 2019	Appropriated Fiscal 2018	Appropriated Fiscal 2017	Appropriated Fiscal 2016
General Government	\$ 4,387,798	\$ 3,910,905	\$ 3,766,042	\$ 3,466,921	\$ 3,350,995
Public Safety	9,728,084	9,394,394	9,169,645	9,022,898	8,804,102
Public Works	4,341,297	4,379,489	4,206,862	4,068,586	3,863,071
Human Services	713,994	771,854	602,613	612,270	666,995
Education	39,297,063	37,921,600	36,875,221	35,668,257	34,869,841
Culture & Recreation	1,259,448	1,235,469	1,193,680	1,160,083	1,140,483
Debt	7,562,027	7,492,749	7,589,131	7,715,806	6,954,468
Employee Benefits	12,114,850	11,857,269	11,543,495	11,088,662	10,410,603
Total	<u>\$ 79,404,561</u>	<u>\$ 76,963,729</u>	<u>\$ 74,946,689</u>	<u>\$ 72,803,483</u>	<u>\$ 70,060,558</u>

Source: Town Accountant.



## Education Reform

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

## Revenues

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

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

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

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

<u>Fiscal Year</u>	<u>Aid to Education</u>	<u>Other</u>	<u>Total State Aid</u>
2020 (est.)	\$5,863,240	\$2,335,137	\$8,198,377
2019	5,521,321	2,299,118	7,820,439
2018	5,437,381	2,217,846	7,655,227
2017	5,476,793	2,102,087	7,578,880
2016	5,185,901	2,343,216	7,529,117
2015	5,110,701	1,942,830	7,053,531

Source: Town Accountant.

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

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

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

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

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

On December 3, 2014, the Town approved a \$75,000,000 high school/middle school renovation project in which the Town expects 44.06% reimbursement from the MSBA. The Town's estimated local share of the project is approximately \$54,248,947. \$50,000,000 bond proceeds and \$19,248,983 grants have been received to date. The new middle school opened to students in September 2017.

The Town filed two statements of interest in 2019 for renovation/replacement of the Hatherly and Cushing Elementary Schools.

**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>
2019	\$3,377,751
2018	3,150,523
2017	3,051,513
2016	2,891,514
2015	2,750,181

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

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

The Water Division employs a staff of fourteen 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 \$4,366,648. A population of more than 18,000 - which increases to approximately 30,000 during the summer months - consumes an average of 1.9 million gallons of water each day.

On July 1, 1999, the Town placed water services, which are provided to nearly 100 percent of the Town, on an enterprise fund basis. The Town has a planned upgrade program in place for water system infrastructure improvements while keeping the fund self-supporting, and has a policy of increasing rates each year. Charges for water usage are billed quarterly. Water rates increased 10% in fiscal 2014, 19% in fiscal 2015, 19% in fiscal 2016 and 20% in fiscal 2019 to finance the \$22,000,000 initiative to replace approximately 21 miles of cast iron water pipes.

The Town approved \$1.25 million for repairs to the water treatment plant in November 2018 and an \$8 million green sand facility for one of its top producing wells in April 2019. The \$8 million filter has been approved for Massachusetts Clean Water Trust Financing. The debt service for the projects will be reviewed in the fiscal 2020 rates to be voted October 17, 2019.

As of December 12, 2018, the rates per quarter for residential water consumption are \$1.39 per 100 cubic feet up to the first 1,200 cubic feet, with a minimum charge of \$74.12 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 \$6.05 per 100 cubic feet. All usage in excess of 3,000 cubic feet is billed at a rate of \$9.72 per 100 cubic feet. All commercial usage is billed at a rate of \$5.38 per 100 cubic feet.

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

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

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

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

The sewer rate is a minimum charge of \$61.69 per quarter plus \$4.94 per hundred cubic feet of water consumption in excess of 625 hundred cubic feet per quarter. The Town has a comprehensive plan for sewer expansion funded by users, and sewer rates have been increased to fund upgrade expansions.

**Transfer Station:** The Transfer Station Division of the Department of Public Works is responsible for the operation and maintenance of the Transfer Station and Recycling Center. The Transfer Station is operated as a Pay-As-You-Throw facility and will accept only household refuse contained in Pay-As-You-Throw trash bags. These trash bags can be purchased at the Transfer Station or at local retailers at a cost of \$20.00 for a package of ten 30 gallon bags or \$10.00 for a package of ten 15 gallon bags. The Town has a current recycling rate of 50%. The rate for construction debris was \$110/ton in fiscal 2019.

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

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 264,699
2018	216,318
2017	258,981
2016	256,452
2015	234,847

**Local Rooms Occupancy Excise:** The Town accepted the local option room occupancy excise tax at 6% effective July 1, 2019. The DOR estimated receipts for the Town from \$24-\$60k. The first partial quarter received in September 2019 was \$12,540.

## **Annual Audits**

The Town of Scituate is audited annually by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts. A copy of the fiscal 2018 audit is attached hereto as Appendix A. A similar report for fiscal 2019 is underway.

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, 2018, June 30, 2017, and June 30, 2016 and a Statement of Revenues, Expenditures and changes in Fund Balance for fiscal years ended June 30, 2018 through June 30, 2014. Said statements were extracted from the Town's audited financials.

## **Estimated 2019 Fiscal Year End Results**

The Town closed fiscal 2019 with certified free cash of \$2,501,361. All five enterprise funds had positive retained earnings.

**TOWN OF SCITUATE, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018 (1)**

	General Fund	Community Preservation	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,902,854	\$ 9,488,547	\$ 2,188,990	\$ 12,124,445	\$ 37,704,836
Receivables, net of uncollectibles					
Real estate and personal property taxes	1,154,259	-	-	-	1,154,259
Tax liens	680,256	17,769	-	-	698,025
Community preservation fund surtax	-	15,893	-	-	15,893
Motor vehicle and other excise taxes	256,003	-	-	-	256,003
Departmental and other	200,193	-	-	-	200,193
Intergovernmental - other	-	-	-	1,135,133	1,135,133
Community preservation state share	-	320,322	-	-	320,322
Special assessments	150,635	-	-	5,531	156,166
Tax foreclosures	521,719	-	-	-	521,719
Due from other funds	457,517	-	-	-	457,517
Total assets	<u>\$ 17,323,436</u>	<u>\$ 9,842,531</u>	<u>\$ 2,188,990</u>	<u>\$ 13,265,109</u>	<u>\$ 42,620,066</u>
<b>LIABILITIES</b>					
Warrants payable	394,230	1,500	-	163,592	559,322
Accrued payroll	658,841	268	-	49,995	709,104
Due to other funds	-	-	-	457,517	457,517
Other liabilities	58,829	-	-	-	58,829
Notes payable	-	-	6,513,000	-	6,513,000
Total liabilities	<u>1,111,900</u>	<u>1,768</u>	<u>6,513,000</u>	<u>671,104</u>	<u>8,297,772</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes paid in advance	212,590	11,227	-	-	223,817
Unavailable revenue	2,645,829	33,663	-	938,344	3,617,836
Total Deferred Inflows of Resources	<u>2,858,419</u>	<u>44,890</u>	<u>-</u>	<u>938,344</u>	<u>3,841,653</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	27,051	27,051
Restricted	510,884	9,795,873	-	12,077,026	22,383,783
Committed	5,501,817	-	-	-	5,501,817
Assigned	912,493	-	-	-	912,493
Unassigned	6,427,923	-	(4,324,010)	(448,416)	1,655,497
Total fund balances	<u>13,353,117</u>	<u>9,795,873</u>	<u>(4,324,010)</u>	<u>11,655,661</u>	<u>30,480,641</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,323,436</u>	<u>\$ 9,842,531</u>	<u>\$ 2,188,990</u>	<u>\$ 13,265,109</u>	<u>\$ 42,620,066</u>

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

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

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

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

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

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

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

**TOWN OF SCITUATE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2018 (1)**

	General	Community Preservation	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds	\$ 61,421,377	\$ -	\$ -	\$ -	\$ 61,421,377
Tax liens	308,741	5,979	-	-	314,720
Motor vehicle and other excise taxes	3,190,904	-	-	-	3,190,904
Meals tax	261,318	-	-	-	261,318
Penalties and interest	431,904	4,449	-	584	436,937
Fees and rentals	350,894	-	-	2,158	353,052
Payment in lieu of taxes	16,798	-	-	-	16,798
Licenses and permits	712,051	-	-	270,229	982,280
Fines and forfeitures	44,011	-	-	-	44,011
Intergovernmental - Teachers Retirement	9,203,248	-	-	-	9,203,248
Intergovernmental - other	8,027,707	375,664	-	7,356,143	15,759,514
Departmental and other	1,270,710	-	-	4,834,399	6,105,109
Community preservation taxes	-	1,487,827	-	-	1,487,827
Contributions and donations	-	-	-	458,024	458,024
Investment income	387,529	117,884	-	20,617	526,030
Total Revenues	<u>\$ 85,627,192</u>	<u>\$ 1,991,803</u>	<u>\$ -</u>	<u>\$ 12,942,154</u>	<u>\$ 100,561,149</u>
<b>EXPENDITURES:</b>					
Current:					
General government	3,464,060	-	31,520	679,693	4,175,273
Public safety	9,329,853	-	213,524	530,721	10,074,098
Education	37,027,462	-	-	11,279,299	48,306,761
Public works	6,201,707	-	841,129	5,387,053	12,429,889
Human services	535,719	-	-	408,140	943,859
Culture and recreation	1,140,195	-	-	659,850	1,800,045
Community preservation	-	1,085,695	-	-	1,085,695
Pension benefits	4,557,735	-	-	-	4,557,735
Pension benefits - Teachers Retirement	9,203,248	-	-	-	9,203,248
Employee benefits	6,988,176	-	-	-	6,988,176
State and county charges	698,143	-	-	-	698,143
Debt service:	-				
Principal	4,302,159	-	-	-	4,302,159
Interest	3,237,379	-	-	-	3,237,379
Total Expenditures	<u>86,685,836</u>	<u>1,085,695</u>	<u>1,086,173</u>	<u>18,944,756</u>	<u>107,802,460</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,058,644)	906,108	(1,086,173)	(6,002,602)	(7,241,311)
<b>Other Financing Sources (Uses):</b>					
Issuance of bonds	-	-	-	500,000	500,000
Premium from issuance of bonds	-	-	-	202,153	202,153
Proceeds from the sale of capital assets	-	-	-	206,432	206,432
Transfer in	1,551,913	-	-	319,953	1,871,866
Transfer out	(753,483)	-	-	(879,988)	(1,633,471)
Total Expenditures and Other Financing Uses	<u>798,430</u>	<u>-</u>	<u>-</u>	<u>348,550</u>	<u>1,146,980</u>
Net Change in Fund Balances	(260,214)	906,108	(1,086,173)	(5,654,052)	(6,094,331)
Fund Balances - Beginning of Year	13,613,331	8,889,765	(3,237,837)	17,309,713	36,574,972
Fund Balances - End of Year	<u>\$ 13,353,117</u>	<u>\$ 9,795,873</u>	<u>\$ (4,324,010)</u>	<u>\$ 11,655,661</u>	<u>\$ 30,480,641</u>

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



**TOWN OF SCITUATE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2017 (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	\$ 59,718,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,718,484
Tax liens	478,175	9,941	-	-	-	-	488,116
Motor vehicle and other excise taxes	3,350,152	-	-	-	-	-	3,350,152
Penalties and interest	478,705	4,927	-	-	-	-	483,632
Fees and rentals	526,908	-	-	-	-	-	526,908
Licenses and permits	659,832	-	-	-	-	277,563	937,395
Fines and forfeitures	99,438	-	-	-	-	1,425	100,863
Intergovernmental	16,548,339	217,777	-	-	11,353,976	12,071,701	40,191,793
Departmental and other	1,103,674	-	-	-	-	4,080,433	5,184,107
Community preservation surtax	-	1,431,186	-	-	-	-	1,431,186
Contributions	458,316	-	-	-	-	423,760	882,076
Investment income	-	71,075	6,885	-	-	5,777	83,737
Total Revenues	<u>\$ 83,422,023</u>	<u>\$ 1,734,906</u>	<u>\$ 6,885</u>	<u>\$ -</u>	<u>\$ 11,353,976</u>	<u>\$ 16,860,659</u>	<u>\$ 113,378,449</u>
<b>EXPENDITURES:</b>							
Current:							
General government	3,385,797	-	11,717	79,816	-	2,351,596	5,828,926
Public safety	9,566,984	-	-	10,568,328	-	243,668	20,378,980
Education	35,796,254	-	-	-	43,394,248	4,694,792	83,885,294
Public works	3,962,774	-	-	4,778,216	-	3,507,962	12,248,952
Human services	560,789	-	-	-	-	332,095	892,884
Culture and recreation	1,066,380	-	-	-	-	6,710,570	7,776,950
Community preservation	-	1,138,589	-	-	-	-	1,138,589
Pension benefits	13,067,450	-	-	-	-	-	13,067,450
Employee benefits	6,519,284	-	-	-	-	-	6,519,284
State and county charges	690,039	-	-	-	-	-	690,039
Debt service:							
Principal	4,423,512	-	-	-	-	-	4,423,512
Interest	3,285,814	-	-	-	-	-	3,285,814
Total Expenditures	<u>82,325,077</u>	<u>1,138,589</u>	<u>11,717</u>	<u>15,426,360</u>	<u>43,394,248</u>	<u>17,840,683</u>	<u>160,136,674</u>
Excess (Deficiency) of Revenues Over Expenditures	1,096,946	596,317	(4,832)	(15,426,360)	(32,040,272)	(980,024)	(46,758,225)
Other Financing Sources (Uses):							
Issuance of bonds and notes	-	-	-	3,500,000	-	-	3,500,000
Premium from issuance of refunding bonds	34,648	-	-	-	-	-	34,648
Transfer in	1,442,237	-	-	-	-	-	1,442,237
Transfer out	(660,771)	-	-	-	-	(645,070)	(1,305,841)
Total Expenditures and Other Financing Uses	<u>816,114</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>-</u>	<u>(645,070)</u>	<u>3,671,044</u>
Net Change in Fund Balances	1,913,060	596,317	(4,832)	(11,926,360)	(32,040,272)	(1,625,094)	(43,087,181)
Fund Balances - Beginning of Year	11,700,271	8,293,448	756,446	8,688,523	39,926,261	10,297,204	79,662,153
Fund Balances - End of Year	<u>\$ 13,613,331</u>	<u>\$ 8,889,765</u>	<u>\$ 751,614</u>	<u>\$ (3,237,837)</u>	<u>\$ 7,885,989</u>	<u>\$ 8,672,110</u>	<u>\$ 36,574,972</u>

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

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

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

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

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

	General	Community 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
Total Revenues	\$ 68,879,711	\$ 2,300,218	\$ 7,551	\$ -	\$ 1,004,122	\$ 9,429,940	\$ 81,621,542
<b>EXPENDITURES:</b>							
Current:							
General government	2,817,201	-	11,295	-	-	955,878	3,784,374
Public safety	8,496,394	-	-	1,615,135	-	838,264	10,949,793
Education	34,316,537	-	-	-	2,543,201	4,788,995	41,648,733
Public works	4,770,286	-	-	442,838	-	639,688	5,852,812
Human services	633,738	-	-	-	-	167,005	800,743
Culture and recreation	1,029,128	-	-	-	-	1,222,511	2,251,639
Community preservation	-	1,819,538	-	-	-	-	1,819,538
Pension benefits	8,032,901	-	-	-	-	-	8,032,901
Employee benefits	5,757,387	-	-	-	-	-	5,757,387
State and county charges	499,806	-	-	-	-	-	499,806
Debt service:							
Principal	1,581,856	-	-	-	-	-	1,581,856
Principal - current refundings - payment to escrow agent	4,818,188	-	-	-	-	-	4,818,188
Interest	533,531	-	-	-	-	-	533,531
Total Expenditures	73,286,953	1,819,538	11,295	2,057,973	2,543,201	8,612,341	88,331,301
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)
Total Expenditures and Other Financing Uses	9,989,358	-	-	16,913,000	46,425,000	4,937,464	78,264,822
Net Change in Fund Balances	5,582,116	480,680	(3,744)	14,855,027	44,885,921	5,755,063	71,555,063
Fund Balances - Beginning of Year	10,459,886	7,077,374	989,293	711,051	-	6,440,976	25,678,580
Fund Balances - End of Year	\$ 16,042,002	\$ 7,558,054	\$ 985,549	\$ 15,566,078	\$ 44,885,921	\$ 12,196,039	\$ 97,233,643

(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
Interest	584,080	-	-	-	584,080
<b>Total Expenditures</b>	<b>68,273,035</b>	<b>2,171,859</b>	<b>5,337</b>	<b>10,613,280</b>	<b>81,063,511</b>
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.

## 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>
2019	\$7,701,569 (2)	\$2,501,361
2018	6,427,923	2,492,170
2017	8,486,498	3,252,678
2016	7,701,937	3,247,133
2015	6,646,114	2,318,762

(1) Source: Audited Financial Statements.

(2) Unaudited estimate, subject to revision and change.

## 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>
2019	\$ 4,290,899
2018	2,853,146 (1)
2017	3,595,163
2016	2,950,820
2015	2,374,384

(1) Town appropriated \$1 million at April 2018 Annual Town Meeting to fund emergency storm costs. At the November 2018 special town meeting, the Town restored \$1 million to this fund.

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 \$371,271 in excess levy capacity for fiscal year 2019. The fund balance as of November 15, 2018 was \$3,867,941. The Town plans to add an additional amount once the fiscal 2020 tax rate has been set.

## Capital Stabilization Fund

The Town established a capital stabilization fund at the November 2012 special town meeting. The following table sets forth the trend in the Town's Capital Stabilization Fund for the following fiscal years:

<u>Year</u>	<u>Capital Stabilization Fund</u>
2019	\$ 221,586
2018	361,613
2017	738,094
2016	309,624
2015	594,669

## Economic Development Stabilization Fund

The Town established an economic development stabilization fund at the April 2013 town meeting. The following table sets forth the trend in the Town's Economic Development Stabilization Fund for the following fiscal years:

<u>Year</u>	<u>Economic Development Stabilization Fund</u>
2019	\$ 34,108
2018	33,888
2017	33,722
2016	23,619
2015	13,540

## Additional Funds

At the April 2015 special town meeting the Town created two additional stabilization funds. The Sewer Enterprise Capital Stabilization Fund with an initial balance of \$350,000 and a Water Enterprise Capital Stabilization Fund. The Sewer Enterprise fund had a balance as of \$117,962 as of June 30, 2019 and the Water Enterprise Capital Stabilization Fund had a balance of \$54,318 as of June 30, 2019.

The Golf Course Capital Stabilization Fund, which was established in April 2017, had a \$0 balance as of June 30, 2017, a \$15,031 balance as of June 30, 2018 and \$15,104 as of June 20, 2019.

The Town voted to establish a Waterways Enterprise Capital Stabilization Fund at the April 2019 Annual Town Meeting. The fund has not received any funding yet.

## Tax Increment Financing for Development Districts

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

## Investment of Town Funds

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

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

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

## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

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

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

### Debt Limits

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

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

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

### Types of Obligations

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

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

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

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

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

**Bond Anticipation Notes.** These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds 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, 2019 (1),  
Including Subsequent Issue**

**Long-Term Indebtedness**

General Obligation Bonds:

Water (2)	\$ 15,727,500	
School (3)	44,510,000	
General (4)	30,803,608	
Sewers & Drains (5)	3,242,250	
MCWT (6)	<u>8,604,928</u>	
Total		\$ 102,888,286

**Short-Term Debt**

Bond Anticipation Notes Outstanding (7)	8,596,000	
Less:		
To Be Retired with available Revenue Funds	(477,000)	
New Money Bond Anticipation Notes dated December 13, 2019	<u>1,001,000</u>	
Bond Anticipation Notes Outstanding after this Issue (8)		<u>9,120,000</u>

<b>Total Direct Debt</b>	<b><u>\$ 112,008,286</u></b>
--------------------------	------------------------------

\*Preliminary, subject to change.

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) \$15,405,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$38,985,000 is outside the Town's general debt limit and \$42,785,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$17,474,750 is exempt from the limitations of Proposition 2 ½.
- (5) \$782,000 is outside the Town's general debt limit.
- (6) \$4,597,029 is outside the Town's general debt limit and \$306,737 is exempt from the limitations of Proposition 2 ½.
- (7) Payable December 13, 2019.
- (8) Payable December 11, 2020.

**Debt Ratios**

	As of June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Long Term Debt Outstanding (1)	\$102,888,286	\$102,742,241	\$106,479,588	\$114,572,257	\$123,336,923
Debt per Capita	\$5,314.48	\$5,306.93	\$5,499.98	\$5,917.99	\$6,370.71
Percent of Assessed Valuation (2)	2.21%	2.31%	2.49%	2.81%	3.13%
Percent of Equalized Valuation (3)	2.13%	2.32%	2.40%	2.79%	3.01%
Debt per Capita as a Percent of per Capita Income	15.66%	15.64%	16.21%	17.44%	18.77%

- (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, 2019**

Fiscal Year	Water (2)	School (3)	General (4)	Sewers & Drains (5)	MCWT (6)	Total
2020	\$ 1,052,500	\$ 2,700,000	\$ 2,077,424	\$ 397,250	\$ 1,084,602	\$ 7,311,776
2021	1,040,000	2,680,000	2,040,635	385,000	1,077,853	7,223,488
2022	965,000	2,680,000	2,014,165	385,000	965,105	7,009,270
2023	935,000	2,680,000	2,002,767	355,000	990,295	6,963,062
2024	875,000	2,650,000	1,901,440	345,000	1,011,778	6,783,218
2025	870,000	2,635,000	1,640,188	290,000	584,587	6,019,775
2026	815,000	2,095,000	1,509,010	155,000	596,847	5,170,857
2027	815,000	1,935,000	1,512,910	150,000	306,941	4,719,851
2028	795,000	1,935,000	1,506,888	145,000	313,612	4,695,500
2029	775,000	1,935,000	1,510,946	145,000	320,428	4,686,374
2030	770,000	1,935,000	1,435,085	110,000	327,392	4,577,477
2031	765,000	1,925,000	1,439,308	105,000	334,507	4,568,815
2032	605,000	1,870,000	1,433,616	50,000	341,777	4,300,393
2033	605,000	1,870,000	1,418,010	45,000	349,205	4,287,215
2034	595,000	1,855,000	1,257,492	30,000	-	3,737,492
2035	595,000	1,855,000	1,262,065	30,000	-	3,742,065
2036	575,000	1,855,000	1,266,730	30,000	-	3,726,730
2037	575,000	1,855,000	1,049,923	30,000	-	3,509,923
2038	575,000	1,855,000	885,005	30,000	-	3,345,005
2039	575,000	1,855,000	855,000	30,000	-	3,315,000
2040	555,000	1,855,000	785,000	-	-	3,195,000
	<u>\$ 15,727,500</u>	<u>\$ 44,510,000</u>	<u>\$ 30,803,608</u>	<u>\$ 3,242,250</u>	<u>\$ 8,604,928</u>	<u>\$ 102,888,286</u>

- (1) Excludes overlapping debt, lease and installment purchase obligations, unfunded pension liability, and other post-employment benefits liability.
- (2) \$15,405,000 is outside the Town's general debt limit, subject to a separate debt limit equal to 10% of the Town's equalized valuation.
- (3) \$38,985,000 is outside the Town's general debt limit and \$42,785,000 is exempt from the limitations of Proposition 2 ½.
- (4) \$17,474,750 is exempt from the limitations of Proposition 2 ½.
- (5) \$782,000 is outside the Town's general debt limit.
- (6) \$4,597,029 is outside the Town's general debt limit and \$306,737 is exempt from the limitations of Proposition 2 ½.

**Annual Debt Service  
As of June 30, 2019 (1)**

Fiscal Year	Outstanding (2)		MCWT Subsidy	Net Debt Service	Cumulative % Principal Retired
	Principal	Interest			
2020	\$ 7,311,776	\$ 4,041,327	\$ (108,323)	\$ 11,244,779	7.1 %
2021	7,223,488	3,732,023	(88,231)	10,867,279	14.1
2022	7,009,270	3,415,628	(40,429)	10,384,469	20.9
2023	6,963,061	3,113,088	(35,680)	10,040,469	27.7
2024	6,783,218	2,813,403	(25,112)	9,571,509	34.3
2025	6,019,775	2,547,290	-	8,567,065	40.2
2026	5,170,857	2,304,303	-	7,475,160	45.2
2027	4,719,851	2,084,312	-	6,804,163	49.8
2028	4,695,500	1,890,142	-	6,585,642	54.3
2029	4,686,374	1,712,367	-	6,398,741	58.9
2030	4,577,477	1,535,118	-	6,112,595	63.3
2031	4,568,815	1,363,681	-	5,932,496	67.8
2032	4,300,393	1,195,191	-	5,495,584	72.0
2033	4,287,215	1,040,813	-	5,328,028	76.1
2034	3,737,492	889,290	-	4,626,782	79.8
2035	3,742,065	747,267	-	4,489,332	83.4
2036	3,726,730	605,184	-	4,331,914	87.0
2037	3,509,923	463,377	-	3,973,300	90.4
2038	3,345,005	328,051	-	3,673,056	93.7
2039	3,315,000	195,750	-	3,510,750	96.9
2040	3,195,000	63,900	-	3,258,900	100.0
Total	<u>\$ 102,888,286</u>	<u>\$ 36,081,505</u>	<u>\$ (297,777)</u>	<u>\$ 138,672,014</u>	

(1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

(2) Principal totaling \$60,566,487 and interest totaling \$25,156,603 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 Notes, the Town will have approximately \$46,802,364 of authorized unissued debt, as follows:

Purpose	Amount
Marine Park Recreational Facility	\$ 280,000
Library Renovations (1) (2)	1,264,520
Sewer Phase IV Planning	400,000
Oceanside Drive Seawall Replacement	2,000,000
School Renovation (1) (3)	5,666,478
Harbor/River Dredging	65,000
Finish Water Pumps & VFD Drives	95,000
Copper Limit Reduction Phase II	120,000
Cedar Point Infiltration/Inflow	2,312,000
Widow's Walk Golf Course Irrigation System	2,200,000
Wastewater Treatment Facility	226,406
Copper Reduction in Wastewater Treatment System	500,000
Well Upgrade	810,510
Vessel Unit with Fire Pump and Monitor	430,000
Foreshore Structure Design, Engineering and Repairs	3,500,000
Athletic Field Renovations	1,600,000
Foreshore Protection	300,000
Water Plant & SCADA Engineering /Design	4,000,000
Humarock Water Mains Engineering	800,000
Green Sand Filter & SCADA Engineering/Construction	8,000,000
Senior Center Construction and Veterans Memorial Gym Renovation (1)	12,232,450
	<u>\$ 46,802,364</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 received \$4,985,840 construction grant from the Massachusetts Board of Library Commissioners and \$1.4 million in private donations for this project.
- (3) The Town authorized \$75 million for the High School Middle School project. The Town expects to receive approximately 44.06% reimbursement from the Massachusetts School Building Authority (MSBA) on eligible project costs with a maximum grant of \$20,751,053. The Town's local share is estimated at approximately \$54,248,947. To date, the Town has received \$19,248,983 from the MSBA and \$50 million in bond proceeds.

## Overlapping Debt

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

	<u>Outstanding Bonded Debt as of 6/30/19</u>	<u>Scituate's Estimated Share %</u>	<u>Fiscal 2020 Dollar Assessment (1)</u>
Plymouth County (2)	\$1,375,000	6.04%	\$95,354
Massachusetts Bay Transportation Authority (3)	\$5,348,582,000	0.076%	\$0
South Shore Regional Vocational- Technical School District (4)	\$345,000	7.58%	\$792,870

(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 2020. 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 2020. 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 2019. 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: \$489,677, January 1, 2016 – December 31, 2016, \$497,022, January 1, 2017 – December 31, 2017, \$504,477 January 1, 2018 – December 31, 2018 and \$524,896 January 1, 2019 – December 31, 2019. 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 \$106.08 per ton through December 31, 2018, which includes all hauling costs. This contract expires on June 30, 2023. The cost of this contract for fiscal 2019 was \$305,468. In fiscal 2020, the Town budgeted \$686,000 for this contract.

## RETIREMENT SYSTEM

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

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

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

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

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

### **Plymouth County Retirement System**

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

maintains a noncontributory retirement plan for certain eligible veterans who were employed in public service before July 1, 1939.

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

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

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

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

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

#### Current Plymouth County Funding Schedule

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

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

The annual contributions of the Town to the Plymouth County System budgeted for fiscal year 2020 (proposed) and for the last five fiscal years are as follows:

<u>Fiscal Year</u>	<u>Contributory</u>
2020 (budgeted)	\$4,875,453
2019	4,730,553
2018	4,530,275
2017	4,373,651
2016	4,141,767
2015	3,836,129

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>
2019	\$ 2,678,011
2018	2,785,095
2017	2,363,041
2016	1,970,330
2015	2,167,131

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

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

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

<u>Fiscal Year</u>	<u>Balance</u>
2019	\$ 1,044,773
2018	924,837
2017	820,135
2016	675,923
2015	386,515



## 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 817 full and part-time employees, including those in the School Department. Approximately 81 percent belong to unions or other collective bargaining groups as shown below:

Employee by Category	Represented by	Number of Employees	Contract Expires
General Government			
Police	International Brotherhood of Police Officers (IBPO)	34	6/30/2020
Firefighters	International Association of Fire Fighters (IAFF)	49	6/30/2020
Clerical Workers	SEIU 888 (1)	41	6/30/2020
Public Works	Laborers District Council	40	6/30/2020
Administrators and Managers	SEIU 888 (2)	26	6/30/2020
Total General Government Professionals		<u>190</u>	
School			
Teachers	Scituate Teachers Assoc./Mass. Teachers Assoc.	307	8/31/2021
Custodians	AFSCME Local 1700 (3)	23	8/31/2021
Secretaries	SEIU/Local 888	17	8/31/2021
Bus Workers	AFSCME Local 1700 (3)	22	8/31/2021
Aides and Tutors	SEIU/Local 888	88	8/31/2021
Cafeteria Workers	SEIU/Local 888	20	8/31/2021
Total School		<u>477</u>	
Total		<u><u>667</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.

Sci

## 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 will materially affect its financial position.

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

November 12, 2019

# **TOWN OF SCITUATE, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the Year Ended  
June 30, 2018**

On the cover: Oceanside Drive seawall and splash pad. The newly replaced seawall on Oceanside Drive was funded with low interest loans and grants through the Commonwealth's Dam & Seawall Repair Fund. The project replaced existing aging structures with seawalls that are two feet taller and have splash pads behind them to address overwash. The structures were tested in the historic January 2018 and March 2018 blizzards and flooding.



North Jetty

The North Jetty which sustained damage in the 2015 Storm Juno will be repaired by the Army Corps of Engineers at no cost to the Town.

*The Town of  
Scituate, Massachusetts*



**Comprehensive  
Annual Financial Report**

**For the Year Ended  
June 30, 2018**

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2018

**TABLE OF CONTENTS**

<b>Introductory Section.....</b>	<b>1</b>
Letter of Transmittal .....	3
Principal Executive Officers.....	9
Organizational Chart .....	10
Certificate of Achievement for Excellence in Financial Reporting.....	11
<b>Financial Section .....</b>	<b>13</b>
Independent Auditor's Report.....	15
Management's Discussion and Analysis .....	17
Basic Financial Statements .....	28
Statement of net position .....	29
Statement of activities .....	30
Governmental funds – balance sheet .....	32
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position .....	33
Governmental funds – statement of revenues, expenditures and changes in fund balances .....	34
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities .....	35
Proprietary funds – statement of net position .....	36
Proprietary funds – statement of revenues, expenses and changes in net position .....	37
Proprietary funds – statement of cash flows .....	38
Fiduciary funds – statement of fiduciary net position .....	39
Fiduciary funds – statement of changes in fiduciary net position .....	40
Notes to Basic Financial Statements .....	41
Required Supplementary Information .....	77
General Fund Budgetary Comparison Schedule .....	78
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual .....	79
Pension Plan Schedules .....	84
Schedule of the Town's proportionate share of the net pension liability.....	85
Schedule of the Town's contributions .....	86

Schedule of the special funding amounts of the net pension liability .....	87
Other Postemployment Benefits Plan Schedules .....	88
Schedule of changes in the Town's net other postemployment benefit liability and related ratios.....	89
Schedule of the Town's contributions .....	90
Schedule of investment returns .....	91
Notes to Required Supplementary Information .....	92
Combining and Individual Fund Statements .....	96
Nonmajor Governmental Funds .....	97
Nonmajor governmental funds - combining balance sheet.....	98
Nonmajor governmental funds - combining statement of revenues, expenditures and changes in fund balances .....	100
Agency Fund .....	102
Agency fund - statement of changes in assets and liabilities .....	103
<b>Statistical Section.....</b>	<b>105</b>
Net position by component – last ten years .....	107
Changes in net position – last ten years .....	108
Fund balances, governmental funds – last ten years.....	109
Changes in fund balances, governmental funds – last ten years .....	110
Assessed value and actual value of taxable property by classification and tax rates – last ten years .....	111
Principal taxpayers – current year and nine years ago.....	112
Property tax levies and collections – last ten years .....	113
Ratios of outstanding debt by type – last ten years .....	114
Ratios of general bonded debt outstanding – last ten years .....	115
Direct and overlapping governmental activities debt – as of June 30, 2018.....	116
Computation of legal debt margin – last ten years.....	117
Demographic and economic statistics – last ten years .....	118
Principal employers – current year and nine years ago.....	119
Full-time equivalent town employees by function – last ten years .....	120
Operating indicators by function/program – last ten years.....	121
Capital asset statistics by function/program – last ten years .....	122

# Introductory Section



Winter 2018

The 2018 winter season was marked by blizzards which brought not only snow but historic flooding. Pictured above is one of the many clean-ups necessitated by the cobble, debris and sand being washed ashore during these storms. The March 2-3, 2018 blizzard, known as Storm Riley, was declared as a federal disaster in June 2018 which will enable the Town to seek up to 75% reimbursement for costs incurred and foreshore repairs to be made in the future.

# ***Introductory Section***



This page intentionally left blank.



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

Letter of Transmittal

December 18, 2018

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, 2018, 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, 2018, 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, 2018, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Scituate was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town of Scituate's separately issued Single Audit Report.

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

## **Profile of Town**

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

Local legislative decisions are made by an open town meeting consisting of all of the registered voters in the Town. Subject to the legislative decisions made by the Town Meeting, the affairs of the Town are administered by a five member Board of Selectmen who appoint a professional Town Administrator and Finance Director to manage day-to-day and financial matters. The annual town census for 2018 lists the Town's population as 18,760.

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

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

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

## **Budgetary Controls**

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

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

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

### **Factors Affecting Economic Condition**

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

The Town reestablished its Economic Development Commission in 2012 to examine ways to foster commercial development to strengthen the commercial tax base. This includes a multi-phase study by the Metropolitan Area Planning Council to examine existing commercial areas, perform traffic and parking studies and provide recommendations to encourage further commercial/industrial growth including tourism because of the Town's existing amenities. The Commission has worked on branding of the Town with the 'Sea Scituate' design and is currently looking at zoning bylaw changes to encourage economic growth.

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

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

The Town continues to experience residential housing growth with an expected 200-300 units in various stages of development to be constructed in the next 1-3 years. To assist in coordinating these endeavors the Town added a Director of Planning & Community Development in August 2017.

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 is consistently successful at attaining federal, state and local grants for operational services, new initiatives as well as capital improvements including the Massachusetts School Building Authority, Massachusetts Board of Library Commissioners, Commonwealth's Clean Water Trust, Executive of Energy & Environmental Affairs, Commonwealth's Seawall & Dam Repair Fund, Commonwealth's Coastal Zone Management, Federal Emergency Management Agency, National Oceanic and Atmospheric Association and the Army Corps of Engineers.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift 100% of the operating cost and capital improvements to the users of sewer, water, solid waste, golf course and waterways services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

### **Major Initiatives**

The Board of Selectmen adopted a Master Facilities Plan in November of 2011 and created a Public Facilities Master Planning Committee in 2012 to assess the condition of the Town's aging facilities, assess the suitability of the buildings for current needs and provide recommendations for addressing the deficiencies. In FY 2014, the

Town approved a \$22M water infrastructure project to replace approximately 21 miles of cast iron pipe. The project is expected to be completed in 2019. A \$12M library renovation project, which was approved by voters in late 2013 and partially funded by a \$5M Massachusetts Board of Library Commissioners grant and private donations opened to the public in June 2017, which was approved by voters in late 2013.

The Town continued to address the needs outlined in the plan in FY 2015 by approving a \$75M new middle school to be co-located with the existing high school at the December 2014 special town meeting. The project includes renovations to a small area of the high school and a new performing arts center and replaces a school built in 1916 with the associated limitations and challenges of a building that age. The Massachusetts School Building Authority has partnered with the Town for this project and will provide a reimbursement of approximately 44% of eligible costs associated with the middle school. The new middle school opened to students in September 2017.

At the same Town Meeting, citizens approved a new \$16.2M public safety complex which will improve emergency response times to areas of Town and provide a much needed emergency operations center. That approval was amended in November 2015 for an additional \$2.25M due to escalating building costs and site issues. This building will replace a fire station and police station built in the 1950s which needed an estimated \$8.5M in renovations to partially address structural, accessibility and compliance issues. The complex opened for service to the community in March 2017. The emergency operations center in the complex was put to good use in the fierce storms of January and March 2018.

The old police station was demolished and is now green space while the old fire station has been put to use as office space, storage and a bus repair area. The Town appropriated funds in April 2018 to design a new senior center on the site of the old middle school.

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

As a coastal community, the Town has dedicated significant resources to foreshore protection in supporting over \$24M in improvements since 2010. Funding for foreshore protection is included in the Town's operational budget as well as annually on its five year rolling capital plan. The Town has been successful in obtaining matching grants and low interest loans from the Massachusetts Seawall and Dam Repair Fund for seawall construction totaling \$10M in the last three years. The Town is currently working with the Massachusetts Emergency Management Agency (MEMA), the Federal Emergency Management Agency (FEMA) and the Army Corps of Engineers to repair damages to foreshore structures damaged in the last four presidentially declared disasters as well as other significant storms. The repairs would be funded with public assistance funds, hazard mitigation grants, construction grants and Town funds. The Town recognizes the complexity of foreshore protection and has successfully applied for several grants to study sea level rise, explore coastal resiliency options and priorities, elevate severe repetitive loss homes and utilities and obtain design and permitting funding for beach nourishment projects. In fiscal year 2018, the Town was awarded a Municipal Vulnerability Grant for a wastewater treatment resilience feasibility study.

The Town dedicates operational budget and capital funds to roadway improvements. This includes creating trails with Community Preservation funding with 20% matching funds from the state, coordinating sewer and water projects so as not to waste resources on paving the same area repeatedly and utilizing Massachusetts Department of Transportation Chapter 90 funds for major repairs and drainage improvements to roads throughout Town. The Town's Fire Department was also successful in obtaining state funds for improvement of Humarock Fire Station #4 and a regional dewatering pump.

The communities of Scituate, Cohasset & Hull were awarded a \$200,000 grant from the Commonwealth to study a regional sewer district to address the capacity of the Town of Hull and the needs of the Towns of Cohasset and Scituate. The potential for bringing sewer to North Scituate would assist the business district and residents in that area.

## **Reserves**

Management has adopted financial policies to address key areas of concern including funding the following reserves: Operational Budget Reserve Fund, Stabilization Fund, Capital Stabilization Fund, Economic Development Stabilization Fund, Water Enterprise Capital Stabilization Fund, Sewer Enterprise Capital Stabilization Fund, Widow's Walk Golf Course Capital Stabilization Fund, Workers Compensation Reserve and Other Postemployment Liability Trust Fund.

The Other Post Employment Liability Trust was established in 2011 and is funded at 2% of the annual pension assessment pursuant to the Town's financial policies. The Town created a Capital Stabilization Fund in 2012 to complement the Town's five-year capital plan to address future capital needs and associated debt burden. This fund is a valuable tool for setting aside funds over several years to address costly projects identified on the five year rolling capital plan. In 2013, the Town approved an Economic Development Stabilization Fund to support initiatives to develop and foster commercial growth. The Town has created capital stabilization funds for three of its five enterprise funds over the last few years as planning tool for future capital projects related to that infrastructure. Annually, the Town approves the transfer of excess levy capacity to the Stabilization Fund and allocates additional funds to its reserves as available. In the last five years, \$1.67M has been added to the fund by this method.

## **Internal Controls**

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

## **Financial Management**

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

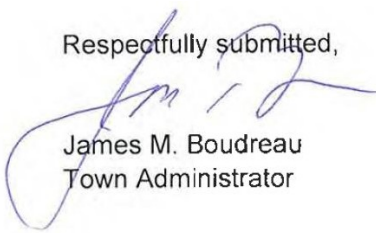
## **Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended June 30, 2017. This was the fourth year that the Town submitted a CAFR to the GFOA. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



James M. Boudreau  
Town Administrator



Nancy Holt  
Finance Director/Town Accountant

# Town of Scituate, Massachusetts

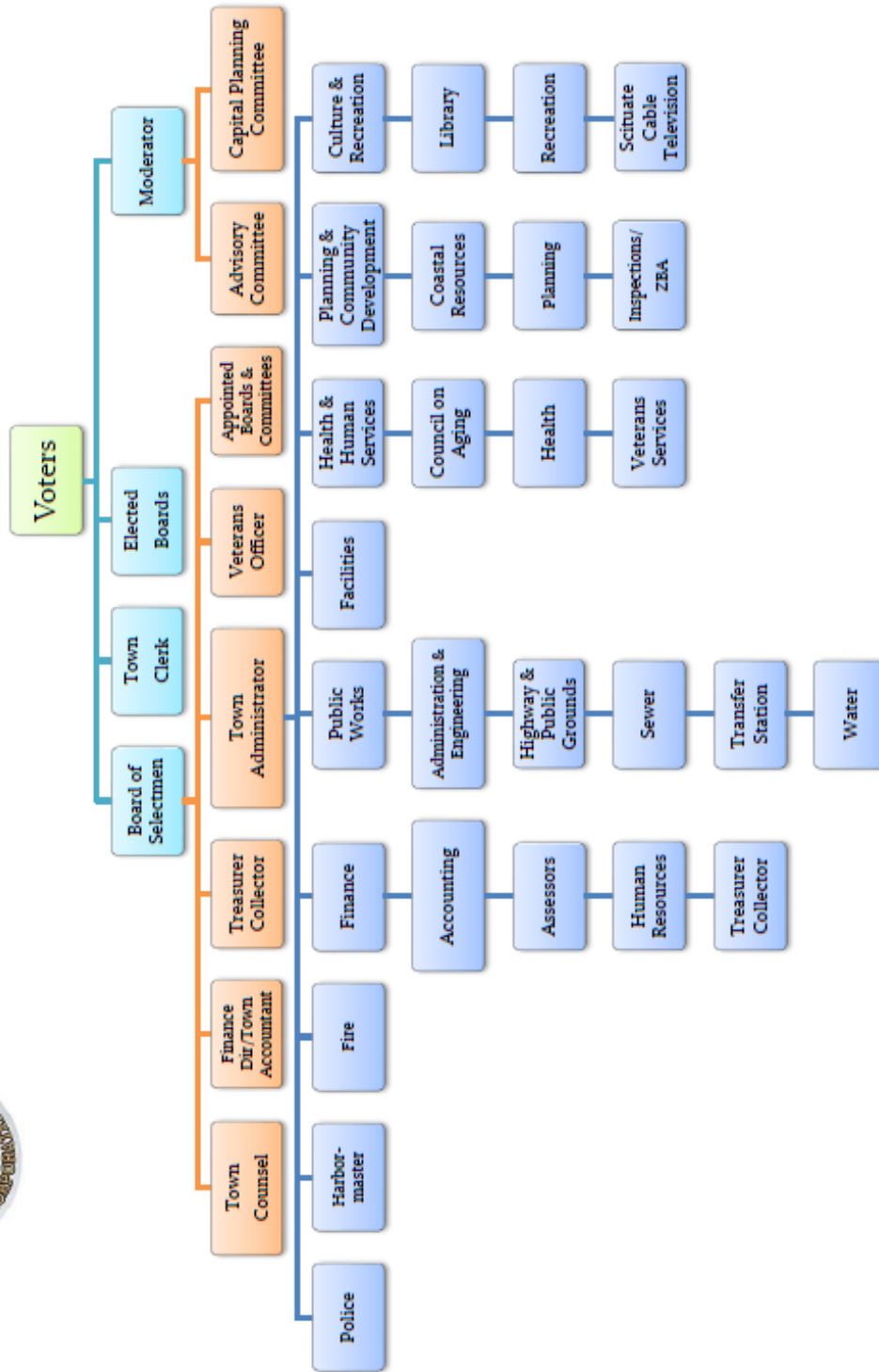
## Principal Executive Officers

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	John F. Danehey, Chair	2019
	Maura C. Curran	2021
	Karen B. Canfield	2019
	Shawn Harris	2020
	Anthony V. Vegnani	2020
Moderator	Richard P. Bowen	2019
Town Clerk	Kathleen A. Gardner	2021
School Committee	Richard Hebert, Chair	2021
	Michael Hayes	2019
	Janice Lindblom	2020
	Peter Gates	2020
	Michael Thomas Long	2021
<u>Appointed Officials</u>		
Town Administrator	James M. Boudreau	
Finance Director/Town Accountant	Nancy Holt	
Treasurer/Collector	Pamela J. Avitabile	
Director of Assessing	Joseph A. DiVito, Jr.	
Fire Chief	John P. Murphy	
Police Chief	W. Michael Stewart	
Director of Public Works	Kevin Cafferty	





# Town of Scituate





Government Finance Officers Association

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

Presented to

**Town of Scituate  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

This page intentionally left blank.

# Financial Section



Marina De-Icers

The Harbormaster's Department deployed de-icers in the Town marinas operated by an enterprise fund in order to keep the docks in place and avoid the issues of inconvenience, cost, safety, asset life and odor related to the docks.

## ***Financial Section***

This page intentionally left blank.



100 Quannapowitt Parkway  
Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

[www.powersandsullivan.com](http://www.powersandsullivan.com)

## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Scituate, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Scituate, Massachusetts, as of and for the year ended June 30, 2018, 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, 2018, 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 18, 2018, on our consideration of the Town of Scituate, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Scituate, Massachusetts' internal control over financial reporting and compliance.



December 18, 2018



## ***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, 2018. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town uses fiduciary funds to account for the other postemployment benefits trust fund, private purpose trust funds, and agency funds.

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Scituate's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$66.6 million at the close of 2018, which was an improvement in overall financial position of \$8.1 million from the prior year.

Net position of \$141.8 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$12.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit balance of \$87.3 million.

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

### **Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21.2 million at the close of 2018.

Governmental net position of \$104.2 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, \$12.1 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$95.1 million. The deficit is the result of the Town recording its net pension liability of \$32.2 million along with the net other postemployment benefits (OPEB) liability of \$83 million. These are long term unfunded liabilities that will not require significant short term resources. Unrestricted net position decreased by \$600,000. This was mainly due to the receipt of capital grants offset by an increase in the Town's Pension and OPEB liabilities.

Condensed financial data for 2018 and 2017 is presented below.

#### Governmental Activities

	2018	2017 (As Revised)
<b>Assets:</b>		
Current assets.....	\$ 42,162,549	\$ 52,987,647
Capital assets, non depreciable.....	26,527,744	88,509,255
Capital assets, net of accumulated depreciation.....	156,710,761	84,113,716
<b>Total assets.....</b>	<b>225,401,054</b>	<b>225,610,618</b>
<b>Deferred outflows of resources.....</b>	<b>1,197,707</b>	<b>4,810,557</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,197,777	8,940,901
Noncurrent liabilities (excluding debt).....	115,712,774	118,162,840
Current debt.....	11,829,708	11,467,736
Noncurrent debt.....	72,366,482	77,183,190
<b>Total liabilities.....</b>	<b>203,106,741</b>	<b>215,754,667</b>
<b>Deferred inflows of resources.....</b>	<b>2,306,230</b>	<b>1,311,204</b>
<b>Net position:</b>		
Net investment in capital assets.....	104,186,614	93,697,063
Restricted.....	12,110,522	14,171,118
Unrestricted.....	(95,111,346)	(94,512,877)
<b>Total net position.....</b>	<b>\$ 21,185,790</b>	<b>\$ 13,355,304</b>

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

The Town completed the new middle school improvements project in 2018 causing the \$67.2 million asset to move from capital assets, nondepreciable to capital assets, net of accumulated depreciation.

The Town recorded \$1.2 million of deferred outflows of resources and \$2.1 million of deferred inflows of resources related to pensions. The Town had an additional \$223,817 in deferred inflows of resources related to taxes paid in advance.

	2018	2017 (As Revised)
<b>Program Revenues:</b>		
Charges for services.....	\$ 7,279,047	\$ 6,522,063
Operating grants and contributions.....	19,742,143	24,218,440
Capital grants and contributions.....	3,745,605	13,532,885
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	61,559,025	59,661,829
Tax and other liens.....	301,443	488,116
Motor vehicle and other excise taxes.....	3,238,418	3,098,124
Meals tax.....	261,318	258,981
Community preservation tax.....	1,488,590	1,428,997
Penalties and interest on taxes.....	408,710	523,966
Payments in lieu of taxes.....	16,798	19,907
Grants and contributions not restricted to specific programs.....	2,419,774	2,279,401
Unrestricted investment income.....	526,030	542,062
Gain on sale of capital assets.....	206,432	-
Miscellaneous.....	324,069	119,996
<b>Total revenues.....</b>	<b>101,517,402</b>	<b>112,694,767</b>
<b>Expenses:</b>		
General government.....	5,225,619	6,959,944
Public safety.....	13,003,419	13,028,328
Education.....	62,030,141	60,203,418
Public works.....	7,736,141	6,694,267
Human services.....	1,184,990	1,208,948
Culture and recreation.....	1,571,687	2,034,067
Community preservation.....	669,199	224,084
Interest.....	2,504,115	2,734,823
<b>Total expenses.....</b>	<b>93,925,311</b>	<b>93,087,879</b>
<b>Excess before transfers.....</b>	<b>7,592,091</b>	<b>19,606,888</b>
<b>Transfers.....</b>	<b>238,395</b>	<b>136,396</b>
<b>Change in net position.....</b>	<b>7,830,486</b>	<b>19,743,284</b>
<b>Net position, beginning of year (as revised).....</b>	<b>13,355,304</b>	<b>(6,387,980)</b>
<b>Net position, end of year.....</b>	<b>\$ 21,185,790</b>	<b>\$ 13,355,304</b>

Operating grant revenue decreased \$4.5 million due to less state and federal funding for the seawall project and the flood mitigation projects. There was also an increase in the state financing for the Massachusetts' Teachers' Retirement System.

Capital grant revenue decreased \$9.8 million due to middle school construction project being substantially completed by 2017 and brought the building into service in 2018.

General government expenses decreased due to Federal Emergency Management Agency grant funds for flood mitigation received in the prior year for seawall repairs. Education expenditures increased \$3.3 million from the state financing for the Massachusetts' Teachers' Retirement System, an increase in the operating budget and expenditures from grant funds received in the prior year. Public works expenditures increased due to costs associated with emergency storm cleanup.

## Business-type Activities

	2018	2017 (As Revised)
<b>Assets:</b>		
Current assets.....	\$ 13,059,062	\$ 16,145,519
Noncurrent assets (excluding capital).....	6,883,186	8,131,262
Capital assets, non depreciable.....	3,675,000	8,438,940
Capital assets, net of accumulated depreciation.....	69,856,523	63,788,546
<b>Total assets.....</b>	<b>93,473,771</b>	<b>96,504,267</b>
<b>Deferred outflows of resources.....</b>	<b>132,621</b>	<b>636,725</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	940,067	1,705,223
Noncurrent liabilities (excluding debt).....	7,106,816	8,363,429
Current debt.....	11,951,575	10,312,123
Noncurrent debt.....	27,940,505	31,466,077
<b>Total liabilities.....</b>	<b>47,938,963</b>	<b>51,846,852</b>
<b>Deferred inflows of resources.....</b>	<b>230,580</b>	<b>154,260</b>
<b>Net position:</b>		
Net investment in capital assets.....	37,620,238	37,113,868
Unrestricted.....	7,816,611	8,026,012
<b>Total net position.....</b>	<b>\$ 45,436,849</b>	<b>\$ 45,139,880</b>

At the end of the current year, the Town reports \$45.4 million in net position for its combined business-type activities. Of this balance, \$37.6 million reflects the Town's investment in capital assets of the enterprise funds less debt outstanding related to the construction of those assets.

Noncurrent debt decreased by \$3.5 million due to the Town paying \$3.4 million in principal payments. Current debt increased by \$1.6 million due to the Town's issuance of short term notes.

The Town's business-type activities recorded \$133,000 of deferred outflows of resources and \$231,000 of deferred inflows of resources related to pensions.

	2018	2017 (As Revised)
<b>Program Revenues:</b>		
Charges for services.....	\$ 9,180,298	\$ 9,580,877
Operating grants and contributions.....	69,760	137,679
<b>General Revenues:</b>		
Tax and other liens.....	18,293	77,800
Motor vehicle and other excise taxes.....	40,378	39,761
Unrestricted investment income.....	116,654	89,897
<b>Total revenues.....</b>	<b>9,425,383</b>	<b>9,926,014</b>
<b>Expenses:</b>		
Water.....	3,468,124	3,545,096
Sewer.....	2,606,647	2,768,239
Transfer Station.....	1,069,578	1,053,675
Widow's Walk golf course.....	968,417	1,028,660
Waterways.....	777,253	1,112,562
<b>Total expenses.....</b>	<b>8,890,019</b>	<b>9,508,232</b>
<b>Excess before transfers.....</b>	<b>535,364</b>	<b>417,782</b>
<b>Transfers.....</b>	<b>(238,395)</b>	<b>(136,396)</b>
<b>Change in net position.....</b>	<b>296,969</b>	<b>281,386</b>
<b>Net position, beginning of year (as revised).....</b>	<b>45,139,880</b>	<b>44,858,494</b>
<b>Net position, end of year.....</b>	<b>\$ 45,436,849</b>	<b>\$ 45,139,880</b>

There was a net increase of \$297,000 in net position reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

	2018	2017 (Revised)	Change
<b>Net Position:</b>			
Water.....	\$ 10,618,873	\$ 10,727,092	\$ (108,219)
Sewer.....	28,842,439	28,894,827	(52,388)
Transfer Station.....	114,839	81,611	33,228
Widow's Walk golf course.....	1,098,725	1,050,296	48,429
Waterways.....	4,761,973	4,386,054	375,919
<b>Total Net Position.....</b>	<b>\$ 45,436,849</b>	<b>\$ 45,139,880</b>	<b>\$ 296,969</b>

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

The water enterprise fund reported a decrease in net position of \$108,000 compared to a \$340,000 increase in fiscal year 2017. The decrease is a result of the water enterprise fund discontinuing the practice of charging municipal departments for current year water usage, as well as the write off in the current year of past due user charge receivables due from these same municipal departments. There was also a decrease in expenses related to the net pension liability.

The sewer enterprise fund reported a decrease in net position of \$52,000 compared to a \$51,000 decrease in fiscal year 2017. Expenditures increased due to the recognition of the net pension expense. Revenues remained consistent from the prior year. Rates were increased but revenue was flat due to Town enforced water restrictions.

The transfer station fund reported an increase of \$33,000 in net position. The Town had a slight decrease in operating revenue along with additional expense for the recognition of the net pension liability.

The Widow's Walk golf course fund reported a \$48,000 increase in net position compared to an increase of \$25,000 in fiscal year 2017. This is primarily due a reduction in overall operating costs.

The waterways enterprise fund reported a \$376,000 increase in net position. The increase is primarily attributable to an increase in revenue from mooring and pier fees.

### **Fiduciary Activities**

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans, was implemented in FY2017. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions, was implemented in FY2018. This standard affects the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.

### ***Financial Analysis of the Government's Funds***

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$30.5 million, which is comprised of \$13.4 million in the general fund, \$9.8 million in the community preservation fund, a deficit of \$4.3 million in Town capital projects, and \$11.7 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$6.1. million in fund balances from the prior year, which is due to the activities of the two capital project funds.

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$6.4 million, restricted fund balance was \$511,000, committed fund balance was \$5.5 million, and assigned fund balance was \$912,000 while total fund balance was \$13.4 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 8.3% of total general fund budgetary expenditures, while total fund balance represents 17.24% of that same amount.



The fund balance of the general fund decreased by \$260,000. This decrease was due to positive budgetary results where actual revenues exceeded the budget and actual expenditures were less than budgeted. These positive were offset by the activity of the Stabilization and Workers Compensation Funds which decreased \$1.2 million. The Stabilization Funds and Worker's Compensation Fund reported year end balances of approximately \$4.4 million and \$511,000, respectively.

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

The *Community Preservation Fund* had a fund balance at year-end of \$9.7 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 \$906,000 in 2018. The change in fund balance is entirely dependent on the timing of the planned use of accumulated revenues for the projects authorized.

The *Town Capital Projects Fund* had a year-end fund deficit of \$4.3 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. Three votes totaling \$18.45 million of which \$16.95 million is debt exclusion. During 2018, the fund balance decreased by \$1.1 million which was due to \$1.1 million in expenditures and no additional revenues. The majority of the expenditures were used for the construction of a public safety complex, an energy savings project, and renovation of the library.

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

The original 2018 operating budget totaled \$81.3 million and consisted of \$76.7 million in appropriations and \$4.6 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 free cash (available fund balance) totaling \$3 million for capital articles. Actual revenues came in over budget by approximately \$1.2 million, and actual expenditures came in under budget by approximately \$7.3 million. Of this balance, the Town reserved \$6.4 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 2018 includes additions of \$8.6 million for the middle school project, \$873,000 for machinery and equipment, \$6.2 million for infrastructure, and \$1.4 million in other building projects.

The Town's 2018 business-type capital asset activity includes \$3.7 million in additions related to water main and meter replacement projects and \$156,000 of various machinery, equipment and vehicle additions.

During 2018, the Town issued \$500,000 in long-term debt all of which was for governmental activities.

Outstanding governmental long-term debt, as of June 30, 2018, totaled \$72.4 million, of which approximately \$47.3 million relates to various school construction projects, \$13.2 million relates to the public safety complex, \$4.1 million relates to the library, \$2.1 million relates to energy saving projects, \$3.8 million relates to seawall repair projects and \$1.9 million relates other various projects and equipment.

The enterprise funds long-term debt totaled \$30.3 million at year end; comprised of \$15.6 million in water debt, \$12.9 million in sewer debt, \$30,000 in transfer station debt, and \$1.8 million in waterways debt. Approximately \$398,000 of the sewer debt is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT).

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

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Scituate's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 600 Chief Justice Cushing Way, Scituate, Massachusetts 02066.

This page intentionally left blank.

## ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 37,704,836	\$ 10,056,110	\$ 47,760,946
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,154,259	-	1,154,259
Tax liens.....	698,025	86,472	784,497
Community preservation fund surtax.....	15,893	-	15,893
Motor vehicle and other excise taxes.....	256,003	-	256,003
User charges.....	-	1,936,156	1,936,156
Departmental and other.....	200,193	-	200,193
Intergovernmental - other.....	1,135,133	252,887	1,388,020
Community preservation state share.....	320,322	-	320,322
Special assessments.....	156,166	697,652	853,818
Tax foreclosures.....	521,719	-	521,719
Inventory.....	-	29,785	29,785
Total current assets.....	42,162,549	13,059,062	55,221,611
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Intergovernmental - other.....	-	145,446	145,446
Special assessments.....	-	6,737,740	6,737,740
Capital assets, nondepreciable.....	26,527,744	3,675,000	30,202,744
Capital assets, net of accumulated depreciation.....	156,710,761	69,856,523	226,567,284
Total noncurrent assets.....	183,238,505	80,414,709	263,653,214
<b>TOTAL ASSETS.....</b>	<b>225,401,054</b>	<b>93,473,771</b>	<b>318,874,825</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	1,197,707	132,621	1,330,328
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	559,322	273,199	832,521
Accrued payroll.....	709,104	86,952	796,056
Accrued interest.....	888,622	366,868	1,255,490
Other liabilities.....	58,829	79,548	138,377
Capital lease obligations.....	686,572	44,248	730,820
Landfill closure.....	-	75,000	75,000
Compensated absences.....	981,900	58,500	1,040,400
Notes payable.....	6,513,000	8,426,000	14,939,000
Bonds payable.....	4,630,136	3,481,327	8,111,463
Total current liabilities.....	15,027,485	12,891,642	27,919,127
<b>NONCURRENT:</b>			
Capital lease obligations.....	-	49,747	49,747
Landfill closure.....	-	825,000	825,000
Compensated absences.....	526,844	30,678	557,522
Net pension liability.....	32,217,982	3,567,425	35,785,407
Net other postemployment benefits liability.....	82,967,948	2,683,713	85,651,661
Bonds payable.....	72,366,482	27,890,758	100,257,240
Total noncurrent liabilities.....	188,079,256	35,047,321	223,126,577
<b>TOTAL LIABILITIES.....</b>	<b>203,106,741</b>	<b>47,938,963</b>	<b>251,045,704</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes paid in advance.....	223,817	-	223,817
Deferred inflows related to pensions.....	2,082,413	230,580	2,312,993
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,306,230</b>	<b>230,580</b>	<b>2,536,810</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	104,186,614	37,620,238	141,806,852
Restricted for:			
Permanent funds:			
Expendable.....	406,175	-	406,175
Nonexpendable.....	27,051	-	27,051
Gifts and grants.....	1,847,760	-	1,847,760
Community preservation.....	9,829,536	-	9,829,536
Unrestricted.....	(95,111,346)	7,816,611	(87,294,735)
<b>TOTAL NET POSITION.....</b>	<b>\$ 21,185,790</b>	<b>\$ 45,436,849</b>	<b>\$ 66,622,639</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 5,225,619	\$ 1,679,474	\$ 156,250	\$ -	\$ (3,389,895)	
Public safety.....	13,003,419	1,749,947	257,850	-	(10,995,622)	
Education.....	62,030,141	2,470,152	17,081,625	1,618,427	(40,859,937)	
Public works.....	7,736,141	733,935	1,861,863	554,418	(4,585,925)	
Human services.....	1,184,990	144,432	303,381	-	(737,177)	
Culture and recreation.....	1,571,687	501,107	81,174	1,197,096	207,690	
Community preservation.....	669,199	-	-	375,664	(293,535)	
Interest.....	2,504,115	-	-	-	(2,504,115)	
Total Governmental Activities.....	93,925,311	7,279,047	19,742,143	3,745,605	(63,158,516)	
Business-Type Activities:						
Water.....	3,468,124	3,620,450	-	-	152,326	
Sewer.....	2,606,647	2,035,828	69,760	-	(501,059)	
Transfer Station.....	1,069,578	1,259,774	-	-	190,196	
Widow's Walk Golf course.....	968,417	1,098,286	-	-	129,869	
Waterways.....	777,253	1,165,960	-	-	388,707	
Total Business-Type Activities.....	8,890,019	9,180,298	69,760	-	360,039	
Total Primary Government.....	\$ 102,815,330	\$ 16,459,345	\$ 19,811,903	\$ 3,745,605	\$ (62,798,477)	

See notes to basic financial statements.

(Continued)

# STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(63,158,516)</b>	<b>\$ 360,039</b>	<b>\$ (62,798,477)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	61,559,025	-	61,559,025
Tax and other liens.....	301,443	18,293	319,736
Motor vehicle and other excise taxes.....	3,238,418	40,378	3,278,796
Meals tax.....	261,318	-	261,318
Community preservation tax.....	1,488,590	-	1,488,590
Penalties and interest on taxes.....	408,710	-	408,710
Payments in lieu of taxes.....	16,798	-	16,798
Grants and contributions not restricted to specific programs.....	2,419,774	-	2,419,774
Unrestricted investment income.....	526,030	116,654	642,684
Gain on sale of capital assets.....	206,432	-	206,432
Miscellaneous.....	324,069	-	324,069
<i>Transfers, net</i> .....	<u>238,395</u>	<u>(238,395)</u>	<u>-</u>
Total general revenues and transfers.....	<u>70,989,002</u>	<u>(63,070)</u>	<u>70,925,932</u>
Change in net position.....	7,830,486	296,969	8,127,455
<i>Net position:</i>			
Beginning of year, as revised.....	<u>13,355,304</u>	<u>45,139,880</u>	<u>58,495,184</u>
End of year..... \$	<u><u>21,185,790</u></u>	<u><u>\$ 45,436,849</u></u>	<u><u>\$ 66,622,639</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2018

	General	Community Preservation	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 13,902,854	\$ 9,488,547	\$ 2,188,990	\$ 12,124,445	\$ 37,704,836
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,154,259	-	-	-	1,154,259
Tax liens.....	680,256	17,769	-	-	698,025
Community preservation fund surtax.....	-	15,893	-	-	15,893
Motor vehicle and other excise taxes.....	256,003	-	-	-	256,003
Departmental and other.....	200,193	-	-	-	200,193
Intergovernmental - other.....	-	-	-	1,135,133	1,135,133
Community preservation state share.....	-	320,322	-	-	320,322
Special assessments.....	150,635	-	-	5,531	156,166
Tax foreclosures.....	521,719	-	-	-	521,719
Due from other funds.....	457,517	-	-	-	457,517
<b>TOTAL ASSETS.....</b>	<b>\$ 17,323,436</b>	<b>\$ 9,842,531</b>	<b>\$ 2,188,990</b>	<b>\$ 13,265,109</b>	<b>\$ 42,620,066</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 394,230	\$ 1,500	\$ -	\$ 163,592	\$ 559,322
Accrued payroll.....	658,841	268	-	49,995	709,104
Due to other funds.....	-	-	-	457,517	457,517
Other liabilities.....	58,829	-	-	-	58,829
Notes payable.....	-	-	6,513,000	-	6,513,000
<b>TOTAL LIABILITIES.....</b>	<b>1,111,900</b>	<b>1,768</b>	<b>6,513,000</b>	<b>671,104</b>	<b>8,297,772</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes paid in advance.....	212,590	11,227	-	-	223,817
Unavailable revenue.....	2,645,829	33,663	-	938,344	3,617,836
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,858,419</b>	<b>44,890</b>	<b>-</b>	<b>938,344</b>	<b>3,841,653</b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	27,051	27,051
Restricted.....	510,884	9,795,873	-	12,077,026	22,383,783
Committed.....	5,501,817	-	-	-	5,501,817
Assigned.....	912,493	-	-	-	912,493
Unassigned.....	6,427,923	-	(4,324,010)	(448,416)	1,655,497
<b>TOTAL FUND BALANCES.....</b>	<b>13,353,117</b>	<b>9,795,873</b>	<b>(4,324,010)</b>	<b>11,655,661</b>	<b>30,480,641</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 17,323,436</b>	<b>\$ 9,842,531</b>	<b>\$ 2,188,990</b>	<b>\$ 13,265,109</b>	<b>\$ 42,620,066</b>

See notes to basic financial statements.



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

JUNE 30, 2018

Total governmental fund balances.....	\$ 30,480,641
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	183,238,505
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	3,617,836
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....	(884,706)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(888,622)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(76,996,618)
Net pension liability.....	(32,217,982)
Net other postemployment benefits liability.....	(82,967,948)
Capital lease obligations.....	(686,572)
Compensated absences.....	(1,508,744)
Net effect of reporting long-term liabilities.....	(194,377,864)
Net position of governmental activities.....	\$ <u>21,185,790</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	General	Community Preservation	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 61,421,377	\$ -	\$ -	\$ -	\$ 61,421,377
Tax liens.....	308,741	5,979	-	-	314,720
Motor vehicle and other excise taxes.....	3,190,904	-	-	-	3,190,904
Meals tax.....	261,318	-	-	-	261,318
Penalties and interest on taxes.....	431,904	4,449	-	584	436,937
Fees and rentals.....	350,894	-	-	2,158	353,052
Payments in lieu of taxes.....	16,798	-	-	-	16,798
Licenses and permits.....	712,051	-	-	270,229	982,280
Fines and forfeitures.....	44,011	-	-	-	44,011
Intergovernmental - Teachers Retirement.....	9,203,248	-	-	-	9,203,248
Intergovernmental - other.....	8,027,707	375,664	-	7,356,143	15,759,514
Departmental and other.....	1,270,710	-	-	4,834,399	6,105,109
Community preservation taxes.....	-	1,487,827	-	-	1,487,827
Contributions and donations.....	-	-	-	458,024	458,024
Investment income.....	387,529	117,884	-	20,617	526,030
<b>TOTAL REVENUES.....</b>	<b>85,627,192</b>	<b>1,991,803</b>	<b>-</b>	<b>12,942,154</b>	<b>100,561,149</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	3,464,060	-	31,520	679,693	4,175,273
Public safety.....	9,329,853	-	213,524	530,721	10,074,098
Education.....	37,027,462	-	-	11,279,299	48,306,761
Public works.....	6,201,707	-	841,129	5,387,053	12,429,889
Human services.....	535,719	-	-	408,140	943,859
Culture and recreation.....	1,140,195	-	-	659,850	1,800,045
Community preservation.....	-	1,085,695	-	-	1,085,695
Pension benefits.....	4,557,735	-	-	-	4,557,735
Pension benefits - Teachers Retirement.....	9,203,248	-	-	-	9,203,248
Employee benefits.....	6,988,176	-	-	-	6,988,176
State and county charges.....	698,143	-	-	-	698,143
Debt service:					
Principal.....	4,302,159	-	-	-	4,302,159
Interest.....	3,237,379	-	-	-	3,237,379
<b>TOTAL EXPENDITURES.....</b>	<b>86,685,836</b>	<b>1,085,695</b>	<b>1,086,173</b>	<b>18,944,756</b>	<b>107,802,460</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(1,058,644)</b>	<b>906,108</b>	<b>(1,086,173)</b>	<b>(6,002,602)</b>	<b>(7,241,311)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	-	500,000	500,000
Premium from issuance of bonds.....	-	-	-	202,153	202,153
Proceeds from the sale of capital assets.....	-	-	-	206,432	206,432
Transfers in.....	1,551,913	-	-	319,953	1,871,866
Transfers out.....	(753,483)	-	-	(879,988)	(1,633,471)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>798,430</b>	<b>-</b>	<b>-</b>	<b>348,550</b>	<b>1,146,980</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(260,214)</b>	<b>906,108</b>	<b>(1,086,173)</b>	<b>(5,654,052)</b>	<b>(6,094,331)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>13,613,331</b>	<b>8,889,765</b>	<b>(3,237,837)</b>	<b>17,309,713</b>	<b>36,574,972</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,353,117</b>	<b>\$ 9,795,873</b>	<b>\$ (4,324,010)</b>	<b>\$ 11,655,661</b>	<b>\$ 30,480,641</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....		\$ (6,094,331)
<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.....	16,289,170	
Depreciation expense.....	<u>(5,673,636)</u>	
Net effect of reporting capital assets.....		10,615,534
<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 differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		749,821
<p>The issuance of long-term debt 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 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 unavailable and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....	102,632	
Issuance of bonds.....	(500,000)	
Premium from issuance of bonds.....	(202,153)	
Net amortization of premium from issuance of bonds.....	677,098	
Debt service principal payments.....	<u>4,302,159</u>	
Net effect of reporting long-term debt.....		4,379,736
<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.....	218,562	
Net change in accrued interest on long-term debt.....	56,166	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(4,529,806)	
Net change in net pension liability.....	4,474,372	
Net change in net other postemployment benefits liability.....	<u>(2,039,568)</u>	
Net effect of recording long-term liabilities.....		<u>(1,820,274)</u>
Change in net position of governmental activities.....		<u>\$ 7,830,486</u>

See notes to basic financial statements.

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

JUNE 30, 2018

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.....	\$ 5,276,769	\$ 2,486,857	\$ 781,272	\$ 80,497	\$ 1,430,715	\$ 10,056,110
Receivables, net of allowance for uncollectibles:						
Liens - user charges.....	38,855	47,617	-	-	-	86,472
User charges.....	1,425,077	511,079	-	-	-	1,936,156
Intergovernmental - other.....	-	252,887	-	-	-	252,887
Special assessments.....	-	697,652	-	-	-	697,652
Inventory.....	-	-	-	29,785	-	29,785
Total current assets.....	6,740,701	3,996,092	781,272	110,282	1,430,715	13,059,062
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Intergovernmental - other.....	-	145,446	-	-	-	145,446
Special assessments.....	-	6,737,740	-	-	-	6,737,740
Capital assets, nondepreciable.....	-	-	-	-	3,675,000	3,675,000
Capital assets, net of accumulated depreciation.....	30,872,214	33,577,745	1,214,727	1,533,160	2,658,677	69,856,523
Total noncurrent assets.....	30,872,214	40,460,931	1,214,727	1,533,160	6,333,677	80,414,709
<b>TOTAL ASSETS.....</b>	<b>37,612,915</b>	<b>44,457,023</b>	<b>1,995,999</b>	<b>1,643,442</b>	<b>7,764,392</b>	<b>93,473,771</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	55,703	26,896	14,851	11,098	24,073	132,621
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	78,259	80,997	76,948	5,373	31,622	273,199
Accrued payroll.....	36,447	14,080	8,663	10,621	17,141	86,952
Accrued interest.....	194,508	151,634	394	-	20,332	366,868
Other liabilities.....	-	-	-	79,548	-	79,548
Capital lease obligations.....	-	-	-	44,248	-	44,248
Landfill closure.....	-	-	75,000	-	-	75,000
Compensated absences.....	28,500	13,700	5,100	-	11,200	58,500
Notes payable.....	7,018,000	1,213,000	-	-	195,000	8,426,000
Bonds payable.....	1,000,176	2,138,318	15,000	-	327,833	3,481,327
Total current liabilities.....	8,355,890	3,611,729	181,105	139,790	603,128	12,891,642
<b>NONCURRENT:</b>						
Capital lease obligations.....	-	-	-	49,747	-	49,747
Landfill closure.....	-	-	825,000	-	-	825,000
Compensated absences.....	15,380	5,893	3,761	-	5,644	30,678
Net pension liability.....	1,498,386	723,498	399,501	298,520	647,520	3,567,425
Net other postemployment benefits liability.....	1,485,498	493,670	445,822	48,463	210,260	2,683,713
Bonds payable.....	15,597,743	10,759,927	15,000	-	1,518,088	27,890,758
Total noncurrent liabilities.....	18,597,007	11,982,988	1,689,084	396,730	2,381,512	35,047,321
<b>TOTAL LIABILITIES.....</b>	<b>26,952,897</b>	<b>15,594,717</b>	<b>1,870,189</b>	<b>536,520</b>	<b>2,984,640</b>	<b>47,938,963</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	96,848	46,763	25,822	19,295	41,852	230,580
<b>NET POSITION</b>						
Net investment in capital assets.....	10,191,742	20,156,534	1,184,727	1,439,165	4,648,070	37,620,238
Unrestricted.....	427,131	8,685,905	(1,069,888)	(340,440)	113,903	7,816,611
<b>TOTAL NET POSITION.....</b>	<b>\$ 10,618,873</b>	<b>\$ 28,842,439</b>	<b>\$ 114,839</b>	<b>\$ 1,098,725</b>	<b>\$ 4,761,973</b>	<b>\$ 45,436,849</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
<b>OPERATING REVENUES:</b>						
Charges for services.....	\$ 3,608,405	\$ 1,697,613	\$ 1,259,774	\$ 1,098,286	\$ 983,453	\$ 8,647,531
Liens - charges for services.....	9,079	9,214	-	-	-	18,293
Other operating revenues.....	-	-	-	-	182,507	182,507
<b>TOTAL OPERATING REVENUES .....</b>	<b>3,617,484</b>	<b>1,706,827</b>	<b>1,259,774</b>	<b>1,098,286</b>	<b>1,165,960</b>	<b>8,848,331</b>
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	1,242,711	846,389	831,996	667,465	165,180	3,753,741
Salaries and wages.....	602,842	285,980	146,008	118,290	242,953	1,396,073
Depreciation.....	934,805	1,060,967	89,799	182,662	323,747	2,591,980
<b>TOTAL OPERATING EXPENSES.....</b>	<b>2,780,358</b>	<b>2,193,336</b>	<b>1,067,803</b>	<b>968,417</b>	<b>731,880</b>	<b>7,741,794</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>837,126</b>	<b>(486,509)</b>	<b>191,971</b>	<b>129,869</b>	<b>434,080</b>	<b>1,106,537</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	71,380	22,393	7,878	135	14,868	116,654
Interest expense.....	(687,766)	(343,551)	(1,775)	-	(45,373)	(1,078,465)
Penalties and interest.....	12,045	338,215	-	-	-	350,260
Other nonoperating revenues.....	-	-	-	-	40,378	40,378
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(604,341)</b>	<b>17,057</b>	<b>6,103</b>	<b>135</b>	<b>9,873</b>	<b>(571,173)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>232,785</b>	<b>(469,452)</b>	<b>198,074</b>	<b>130,004</b>	<b>443,953</b>	<b>535,364</b>
<b>TRANSFERS:</b>						
Transfers in.....	1,680	693,990	-	170,000	10,165	875,835
Transfers out.....	(342,684)	(276,926)	(164,846)	(251,575)	(78,199)	(1,114,230)
<b>TOTAL TRANSFERS.....</b>	<b>(341,004)</b>	<b>417,064</b>	<b>(164,846)</b>	<b>(81,575)</b>	<b>(68,034)</b>	<b>(238,395)</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(108,219)</b>	<b>(52,388)</b>	<b>33,228</b>	<b>48,429</b>	<b>375,919</b>	<b>296,969</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS REVISED.....</b>	<b>10,727,092</b>	<b>28,894,827</b>	<b>81,611</b>	<b>1,050,296</b>	<b>4,386,054</b>	<b>45,139,880</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 10,618,873</b>	<b>\$ 28,842,439</b>	<b>\$ 114,839</b>	<b>\$ 1,098,725</b>	<b>\$ 4,761,973</b>	<b>\$ 45,436,849</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

Business-type Activities - Enterprise Funds						
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 4,295,009	\$ 2,445,674	\$ 1,259,774	\$ 1,056,461	\$ 1,165,960	\$ 10,222,878
Payments to vendors.....	(2,238,623)	(947,101)	(915,720)	(767,074)	(273,461)	(5,141,979)
Payments to employees.....	(637,436)	(299,707)	(160,186)	(117,550)	(247,258)	(1,462,137)
NET CASH FROM OPERATING ACTIVITIES.....	1,418,950	1,198,866	183,868	171,837	645,241	3,618,762
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	1,680	693,990	-	170,000	10,165	875,835
Transfers out.....	(342,684)	(276,926)	(164,846)	(251,575)	(78,199)	(1,114,230)
Boat excise taxes.....	-	-	-	-	40,378	40,378
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(341,004)	417,064	(164,846)	(81,575)	(27,656)	(198,017)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	7,018,000	1,213,000	-	-	195,000	8,426,000
Capital contributions.....	-	1,019,199	-	-	-	1,019,199
Acquisition and construction of capital assets.....	(3,239,857)	(482,146)	-	(9,900)	(164,114)	(3,896,017)
Principal payments on bonds and notes.....	(6,505,000)	(3,117,632)	(15,000)	-	(495,000)	(10,132,632)
Interest expense.....	(800,619)	(362,780)	(1,949)	-	(81,953)	(1,247,301)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(3,527,476)	(1,730,359)	(16,949)	(9,900)	(546,067)	(5,830,751)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	71,380	22,393	7,878	135	14,868	116,654
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(2,378,150)	(92,036)	9,951	80,497	86,386	(2,293,352)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,654,919	2,578,893	771,321	-	1,344,329	12,349,462
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 5,276,769	\$ 2,486,857	\$ 781,272	\$ 80,497	\$ 1,430,715	\$ 10,056,110
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>						
<b>FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ 837,126	\$ (486,509)	\$ 191,971	\$ 129,869	\$ 434,080	\$ 1,106,537
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	934,805	1,060,967	89,799	182,662	323,747	2,591,980
Deferred (outflows)/inflows related to pensions.....	242,200	118,145	65,572	48,078	106,429	580,424
Receipts from users penalties and interest.....	12,045	338,215	-	-	-	350,260
Changes in assets and liabilities:						
Liens - user charges.....	(253)	(1,802)	-	-	-	(2,055)
User charges.....	623,908	101,539	-	-	-	725,447
Intergovernmental.....	-	300,895	-	-	-	300,895
Due from other funds.....	41,825	-	-	-	-	41,825
Inventory.....	-	-	-	(2,305)	-	(2,305)
Warrants payable.....	(754,733)	30,332	17,613	1,901	21,996	(682,891)
Accrued payroll.....	(14,946)	(13,727)	(251)	740	(4,305)	(32,489)
Due to other funds.....	-	-	-	(41,825)	-	(41,825)
Other liabilities.....	-	-	-	842	-	842
Capital lease obligations.....	-	-	-	(46,270)	-	(46,270)
Landfill closure.....	-	-	(31,000)	-	-	(31,000)
Compensated absences.....	(19,648)	-	(13,927)	-	-	(33,575)
Net pension liability.....	(525,476)	(265,791)	(150,122)	(102,926)	(244,841)	(1,289,156)
Other postemployment benefits.....	42,097	16,602	14,213	1,071	8,135	82,118
Total adjustments.....	581,824	1,685,375	(8,103)	41,968	211,161	2,512,225
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,418,950	\$ 1,198,866	\$ 183,868	\$ 171,837	\$ 645,241	\$ 3,618,762
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Intergovernmental subsidy of debt service.....	\$ -	\$ 398,333	\$ -	\$ -	\$ -	\$ 398,333

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 924,837	\$ 254,245	\$ 1,617,466
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	89,459
<b>TOTAL ASSETS.....</b>	<b>924,837</b>	<b>254,245</b>	<b>1,706,925</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	4,470
Liabilities due depositors.....	-	-	1,093,673
Other liabilities.....	-	-	608,782
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>1,706,925</b>
<b>NET POSITION</b>			
Restricted for other postemployment benefits.....	924,837	-	-
Held in trust for other purposes.....	-	254,245	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 924,837</b>	<b>\$ 254,245</b>	<b>\$ -</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 90,605	\$ -
Employer contributions for other postemployment benefit payments....	2,694,490	-
Private donations.....	-	1,666
	<u>2,785,095</u>	<u>1,666</u>
Total contributions.....	2,785,095	1,666
Investment income.....	14,097	1,314
	<u>14,097</u>	<u>1,314</u>
TOTAL ADDITIONS.....	2,799,192	2,980
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	2,694,490	-
Educational scholarships.....	-	16,700
	<u>2,694,490</u>	<u>16,700</u>
TOTAL DEDUCTIONS.....	2,694,490	16,700
NET INCREASE (DECREASE) IN NET POSITION.....	104,702	(13,720)
NET POSITION AT BEGINNING OF YEAR.....	820,135	267,965
NET POSITION AT END OF YEAR.....	\$ <u>924,837</u>	\$ <u>254,245</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 (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 2018 assessment was \$750,263. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, Massachusetts 02339.

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

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

***Fund Financial Statements***

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

*Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the 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 *Town capital projects fund* is used to account for the construction and renovation of Town projects.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

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

#### D. Cash and Investments

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

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

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

### E. Fair Value Measurements

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

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

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

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

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

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

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

### F. Accounts Receivable

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

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

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

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

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

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

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

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

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

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

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

### ***User Charges***

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

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

### ***Departmental and Other***

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

### ***Special Assessments***

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

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

### ***Intergovernmental***

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

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

### G. Inventories

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

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

Inventories of the Widow's Walk golf course enterprise fund are carried at lower of cost or market.

### H. Capital Assets

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

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

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

<u>Capital Asset Type</u>	<u>Estimated 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.

### I. Deferred Outflows/Inflows of Resources

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of

resources (expense/expenditure) until that time. The Town has reported deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and taxes paid in advance in this category.

#### *Governmental Fund Financial Statements*

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

#### J. Unavailable Revenue

##### *Fund Financial Statements*

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

#### K. Interfund Receivables and Payables

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

#### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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



### L. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### M. Net Position and Fund Equity

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

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

Net position has been "restricted for" the following:

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

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

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

"Gifts and grants" represents assets that have restrictions placed on them from outside parties.

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

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

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

#### N. Pensions

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

#### O. Long-term debt

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

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

*Governmental Fund Financial Statements*

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

P. Investment Income

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

Q. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

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

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

S. Individual Fund Deficits

At June 30, 2018, the Town Capital Projects Fund reports a fund deficit of \$4.3 million and the Library Renovation Fund reports a deficit of \$448,000. These deficits will be funded with available funds and bond proceeds.

T. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – CASH AND INVESTMENTS**

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

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

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Scituate's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$44,003,221 and the bank balance totaled \$44,976,356. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$28,565,489 was covered by the Depositors Insurance Fund, \$6,372,606 was covered by the Share Insurance Fund, \$3,253,547 was collateralized, and \$4,284,714 was uninsured and uncollateralized.

The Town's investments consisted solely of MMDT investments totaling \$6,554,301.

**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, 2018, the Town does not have any investments subject to custodial credit risk.

**Interest Rate Risk**

The Town's investment policy limits investment maturities to seven years maintaining an average maturity no greater than three years for the portfolio.

**Credit Risk**

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

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

#### Concentration of Credit Risk

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

#### Fair Value Measurement

The Town holds investments in the MMDT Cash Portfolio which are valued at amortized cost. The total value of the portfolio as of June 30, 2018 is \$6,554,301. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by MMDT's adviser, Federated Investment Counseling.

### **NOTE 3 – RECEIVABLES**

At June 30, 2018, 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..... \$	1,170,238	\$ (15,979)	\$ 1,154,259
Tax liens.....	698,025	-	698,025
Community preservation fund surtax.....	15,893	-	15,893
Motor vehicle and other excise taxes.....	286,595	(30,592)	256,003
Departmental and other.....	664,389	(464,196)	200,193
Intergovernmental - other.....	1,135,133	-	1,135,133
Community preservation state share.....	320,322	-	320,322
Special assessments.....	156,166	-	156,166
Total..... \$	<u>4,446,761</u>	<u>\$ (510,767)</u>	<u>\$ 3,935,994</u>

At June 30, 2018, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 38,855	\$ -	\$ 38,855
Water user charges.....	1,425,077	-	1,425,077
Sewer liens - user charges.....	47,617	-	47,617
Sewer user charges.....	511,079	-	511,079
Sewer intergovernmental - other.....	398,333	-	398,333
Sewer special assessments.....	7,435,392	-	7,435,392
Total.....	\$ 9,856,353	\$ -	\$ 9,856,353

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	Other Governmental Funds	Total
<u>Receivables and other assets:</u>			
Real estate and personal property taxes.....	\$ 837,023	\$ -	\$ 837,023
Tax liens.....	680,256	17,769	698,025
Community preservation fund surtax.....	-	15,894	15,894
Motor vehicle and other excise taxes.....	256,003	-	256,003
Departmental and other.....	350,828	4,031	354,859
Intergovernmental - highway improvements.....	-	932,813	932,813
Special assessments.....	-	1,500	1,500
Tax foreclosures.....	521,719	-	521,719
Total.....	\$ 2,645,829	\$ 972,007	\$ 3,617,836

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 21,104,462	\$ -	\$ -	\$ 21,104,462
Construction in progress.....	67,404,793	705,719	(62,687,230)	5,423,282
Total capital assets not being depreciated.....	88,509,255	705,719	(62,687,230)	26,527,744
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,290,162	770,361	-	5,060,523
Buildings and improvements.....	76,557,882	70,560,461	-	147,118,343
Machinery and equipment.....	11,212,207	872,785	-	12,084,992
Infrastructure.....	33,014,839	6,067,074	-	39,081,913
Vehicles.....	8,827,281	-	(153,155)	8,674,126
Total capital assets being depreciated.....	133,902,371	78,270,681	(153,155)	212,019,897
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,160,869)	(186,818)	-	(1,347,687)
Buildings and improvements.....	(18,224,318)	(2,675,908)	-	(20,900,226)
Machinery and equipment.....	(9,074,539)	(655,346)	-	(9,729,885)
Infrastructure.....	(15,550,428)	(1,486,932)	-	(17,037,360)
Vehicles.....	(5,778,501)	(668,632)	153,155	(6,293,978)
Total accumulated depreciation.....	(49,788,655)	(5,673,636)	153,155	(55,309,136)
Total capital assets being depreciated, net.....	84,113,716	72,597,045	-	156,710,761
Total governmental activities capital assets, net.....	\$ 172,622,971	\$ 73,302,764	\$ (62,687,230)	\$ 183,238,505

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 4,591,110	\$ -	\$ (4,591,110)	\$ -
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	9,500	-	-	9,500
Machinery and equipment.....	796,338	72,555	-	868,893
Infrastructure.....	28,968,631	7,718,731	(210,111)	36,477,251
Vehicles.....	439,661	39,681	-	479,342
Total capital assets being depreciated.....	30,214,130	7,830,967	(210,111)	37,834,986
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(3,718)	(238)	-	(3,956)
Machinery and equipment.....	(390,198)	(69,308)	-	(459,506)
Infrastructure.....	(5,549,154)	(821,717)	210,111	(6,160,760)
Vehicles.....	(295,008)	(43,542)	-	(338,550)
Total accumulated depreciation.....	(6,238,078)	(934,805)	210,111	(6,962,772)
Total capital assets being depreciated, net.....	23,976,052	6,896,162	-	30,872,214
Total water activities capital assets, net.....	\$ 28,567,162	\$ 6,896,162	\$ (4,591,110)	\$ 30,872,214

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 93,366	\$ -	\$ (93,366)	\$ -
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	10,548,618	-	-	10,548,618
Machinery and equipment.....	8,068,166	-	-	8,068,166
Infrastructure.....	32,166,646	536,253	-	32,702,899
Vehicles.....	202,382	39,259	-	241,641
Total capital assets being depreciated.....	50,985,812	575,512	-	51,561,324
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(5,684,216)	(212,001)	-	(5,896,217)
Machinery and equipment.....	(3,947,241)	(176,481)	-	(4,123,722)
Infrastructure.....	(222,057)	(665,936)	-	(887,993)
Vehicles.....	(7,069,098)	(6,549)	-	(7,075,647)
Total accumulated depreciation.....	(16,922,612)	(1,060,967)	-	(17,983,579)
Total capital assets being depreciated, net.....	34,063,200	(485,455)	-	33,577,745
Total sewer activities capital assets, net.....	\$ 34,156,566	\$ (485,455)	\$ (93,366)	\$ 33,577,745
<b>Transfer Station:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 2,221,043	\$ -	\$ -	\$ 2,221,043
Machinery and equipment.....	630,156	-	-	630,156
Vehicles.....	62,858	-	-	62,858
Total capital assets being depreciated.....	2,914,057	-	-	2,914,057
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,114,876)	(48,848)	-	(1,163,724)
Machinery and equipment.....	(463,488)	(31,896)	-	(495,384)
Vehicles.....	(31,167)	(9,055)	-	(40,222)
Total accumulated depreciation.....	(1,609,531)	(89,799)	-	(1,699,330)
Total transfer station activities capital assets, net.....	\$ 1,304,526	\$ (89,799)	\$ -	\$ 1,214,727
<b>Widow's Walk golf course:</b>				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 3,867,632	\$ -	\$ -	\$ 3,867,632
Buildings and improvements.....	931,176	9,900	-	941,076
Machinery and equipment.....	1,444,741	-	-	1,444,741
Total capital assets being depreciated.....	6,243,549	9,900	-	6,253,449
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,777,201)	(105,671)	-	(2,882,872)
Buildings and improvements.....	(457,722)	(23,403)	-	(481,125)
Machinery and equipment.....	(1,302,704)	(53,588)	-	(1,356,292)
Total accumulated depreciation.....	(4,537,627)	(182,662)	-	(4,720,289)
Total Widow's Walk golf course activities capital assets, net.....	\$ 1,705,922	\$ (172,762)	\$ -	\$ 1,533,160



	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.....	79,464	-	(79,464)	-
Total capital assets not being depreciated.....	3,754,464	-	(79,464)	3,675,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	5,035,082	-	-	5,035,082
Buildings and improvements.....	955,686	209,103	-	1,164,789
Machinery and equipment.....	1,685,114	34,475	-	1,719,589
Vehicles.....	150,000	-	-	150,000
Infrastructure.....	107,275	-	-	107,275
Total capital assets being depreciated.....	7,933,157	243,578	-	8,176,735
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,670,961)	(208,582)	-	(3,879,543)
Buildings and improvements.....	(326,290)	(14,366)	-	(340,656)
Machinery and equipment.....	(1,179,954)	(69,726)	-	(1,249,680)
Vehicles.....	(15,000)	(1,073)	-	(16,073)
Infrastructure.....	(2,106)	(30,000)	-	(32,106)
Total accumulated depreciation.....	(5,194,311)	(323,747)	-	(5,518,058)
Total capital assets being depreciated, net.....	2,738,846	(80,169)	-	2,658,677
Total waterways activities capital assets, net.....	\$ 6,493,310	\$ (80,169)	\$ (79,464)	\$ 6,333,677

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

**Governmental Activities:**

General government.....	\$ 259,900
Public safety.....	752,481
Education.....	2,311,964
Public works.....	1,906,326
Culture and recreation.....	297,719
Community preservation.....	145,246

Total depreciation expense - governmental activities..... \$ 5,673,636

**Business-Type Activities:**

Water.....	\$ 934,805
Sewer.....	1,060,967
Transfer station.....	89,799
Widow's Walk golf course.....	182,662
Waterways.....	323,747

Total depreciation expense - business-type activities..... \$ 2,591,980

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

At June 30, 2018, the Town's interfund receivables, payables and transfers are as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Governmental Activities:		
General fund	Highway improvement fund.....	\$ 9,101
General fund	Library renovation capital project fund.....	448,416
Total Governmental Activities.....		<u>\$ 457,517</u>

At June 30, 2018, the Town has governmental interfund receivables and payables totaling \$457,517. The purpose of these balances is to cover short-term cash needs that will be funded by future bond and grant proceeds.

Interfund transfers

Transfers Out:	Transfers In:						Total	
	General fund	Nonmajor governmental funds	Water Enterprise fund	Sewer Enterprise fund	Widow's Walk Enterprise fund	Waterways Enterprise fund		
General fund.....	\$ -	\$ 97,773	\$ -	\$ 655,710	\$ -	\$ -	\$ 753,483	(1)
Nonmajor governmental funds.....	622,683	37,180	1,680	38,280	170,000	10,165	879,988	(2)
Water Enterprise fund.....	342,684	-	-	-	-	-	342,684	(3)
Sewer Enterprise fund.....	276,926	-	-	-	-	-	276,926	(3)
Transfer Station Enterprise Fund.....	164,846	-	-	-	-	-	164,846	(3)
Widow's Walk Golf Course Enterprise fund.....	66,575	185,000	-	-	-	-	251,575	(3)
Waterways Enterprise fund.....	78,199	-	-	-	-	-	78,199	(3)
Total.....	<u>\$ 1,551,913</u>	<u>\$ 319,953</u>	<u>\$ 1,680</u>	<u>\$ 693,990</u>	<u>\$ 170,000</u>	<u>\$ 10,165</u>	<u>\$ 2,747,701</u>	

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

**NOTE 6 – LEASES**

The Town has entered into lease agreements to finance the acquisition of 14 school buses, as well as equipment and golf carts for the Widow's Walk golf course, an enterprise fund of the Town. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception dates.

The assets acquired through capital leases are as follows:

		Governmental Activities		Business-Type Activities
<u>Asset:</u>				
Machinery and equipment.....	\$	-	\$	567,224
Vehicles.....		1,247,996		-
Less: accumulated depreciation.....		(719,972)		(496,856)
Total.....	\$	<u>528,024</u>	\$	<u>70,368</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2018:

<u>Years ending June 30:</u>		Governmental Activities		Business-Type Activities
2019.....	\$	702,001	\$	46,923
2020.....		-		30,995
2021.....		-		14,678
2022.....		-		6,662
Total minimum lease payments.....		702,001		99,258
Less: amounts representing interest.....		(15,429)		(5,263)
Present value of minimum lease payments.....	\$	<u>686,572</u>	\$	<u>93,995</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, 2018, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
<b>Governmental Funds:</b>							
	Bond Anticipation Note.....	2.00	02/02/18	\$ 5,288,000	\$ -	\$ (5,288,000)	\$ -
	Bond Anticipation Note.....	1.75	02/02/18	1,300,000	-	(1,300,000)	-
	Bond Anticipation Note.....	3.00	02/01/19	-	6,513,000	-	6,513,000
	Total Governmental Funds.....			\$ <u>6,588,000</u>	\$ <u>6,513,000</u>	\$ <u>(6,588,000)</u>	\$ <u>6,513,000</u>

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
<b>Water Enterprise Fund:</b>							
	Bond Anticipation Note.....	2.00	02/02/18	\$ 5,510,000	\$ -	\$ (5,510,000)	\$ -
	Bond Anticipation Note.....	1.75	02/02/18	40,000	-	(40,000)	-
	Bond Anticipation Note.....	3.00	02/01/19	-	7,018,000	-	7,018,000
	Total Water Enterprise Fund.....			5,550,000	7,018,000	(5,550,000)	7,018,000
<b>Sewer Enterprise Fund:</b>							
	Bond Anticipation Note.....	2.00	02/02/18	1,025,000	-	(1,025,000)	-
	Bond Anticipation Note.....	3.00	02/01/19	-	1,213,000	-	1,213,000
	Total Sewer Enterprise Fund.....			1,025,000	1,213,000	(1,025,000)	1,213,000
<b>Waterways Enterprise Fund:</b>							
	Bond Anticipation Note.....	2.00	02/02/18	195,000	-	(195,000)	-
	Bond Anticipation Note.....	3.00	02/01/19	-	195,000	-	195,000
	Total Waterways Enterprise Fund.....			195,000	195,000	(195,000)	195,000
	Total Enterprise Funds.....			\$ 6,770,000	\$ 8,426,000	\$ (6,770,000)	\$ 8,426,000

**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, 2018, 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, 2018
MCWT 97-1031.....	2019	\$ 123,432	4.00 - 5.00	\$ 6,855
General Obligation Bonds of 2008.....	2026	3,248,500	3.00 - 5.00	1,280,000
General Obligation Bonds of 2011.....	2031	2,978,388	3.00 - 5.00	870,000
General Obligation Bonds of 2013.....	2033	5,262,021	2.00 - 2.75	3,330,000
General Obligation Refunding Bonds of 2015.....	2025	4,205,000	4.00 - 5.00	3,265,000
General Obligation Bonds of 2015.....	2040	68,258,000	2.00 - 5.00	59,490,000
General Obligation Refunding Bonds of 2016.....	2025	529,100	2.00 - 4.00	400,000
General Obligation Bonds of 2017.....	2037	3,500,000	2.00 - 4.00	3,282,141
General Obligation Bonds of 2018.....	2038	500,000	2.00	500,000
Total Bonds Payable.....				72,423,996
Add: Unamortized premium on bonds.....				4,572,622
Total Bonds Payable, net.....				\$ 76,996,618

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

Year	Principal	Interest	Total
2019.....	\$ 4,180,637	\$ 2,929,690	\$ 7,110,327
2020.....	4,082,205	2,755,327	6,837,532
2021.....	4,055,636	2,567,868	6,623,504
2022.....	4,034,166	2,381,732	6,415,898
2023.....	4,027,766	2,197,518	6,225,284
2024.....	3,951,440	2,014,385	5,965,825
2025.....	3,880,188	1,834,937	5,715,125
2026.....	3,254,011	1,671,710	4,925,721
2027.....	3,102,911	1,526,077	4,628,988
2028.....	3,096,888	1,396,773	4,493,661
2029.....	3,100,945	1,280,516	4,381,461
2030.....	3,110,085	1,164,019	4,274,104
2031.....	3,104,308	1,047,124	4,151,432
2032.....	3,058,615	930,080	3,988,695
2033.....	3,043,010	817,297	3,860,307
2034.....	2,867,493	702,552	3,570,045
2035.....	2,872,066	592,380	3,464,446
2036.....	2,876,730	482,116	3,358,846
2037.....	2,774,891	371,726	3,146,617
2038.....	2,670,005	264,452	2,934,457
2039.....	2,640,000	158,400	2,798,400
2040.....	2,640,000	52,800	2,692,800
Total.....	\$ 72,423,996	\$ 29,139,479	\$ 101,563,475

### Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
<b>Water</b>				
General Obligation Bonds of 2011.....	2031	\$ 4,122,000	3.00 - 5.00	\$ 2,410,000
General Obligation Bonds of 2013.....	2033	842,493	2.00 - 2.75	305,000
General Obligation Bonds of 2015.....	2036	14,400,000	2.00 - 2.75	12,645,000
General Obligation Bonds of 2016.....	2025	353,400	2.00 - 4.00	275,000
Add: Unamortized premium on bonds.....				962,919
Subtotal water bonds payable.....				16,597,919
<b>Sewer</b>				
MWPAT CW-02-22A.....	2024	\$ 1,288,256	2.00	506,281
MWPAT CW-04-38.....	2026	3,554,137	2.00	1,738,212
MWPAT CW-04-38-A.....	2026	929,694	2.00	475,263
MWPAT Pool 10.....	2021	11,253,992	2.50 - 5.25	1,263,913
MWPAT CW-02-22.....	2024	4,557,209	2.00	1,943,931
General Obligation Bonds of 2008.....	2024	800,000	3.00 - 5.00	300,000
General Obligation Bonds of 2011.....	2031	1,310,041	3.00 - 5.00	800,000
MWPAT Series16 CWS-09-06.....	2033	348,667	2.00	275,015
General Obligation Bonds of 2012.....	2033	553,341	2.00 - 2.75	355,000
MWPAT CW-10-25.....	2033	5,389,000	2.00	4,250,630
General Obligation Bonds of 2016.....	2025	1,280,500	2.00 - 4.00	990,000
Subtotal sewer bonds payable.....				12,898,245

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
<b>Transfer Station</b>				
General Obligation Bonds of 2011.....	2020	\$ 150,000	3.00 - 5.00	<u>30,000</u>
<b>Waterways</b>				
General Obligation Bonds of 2008.....	2023	\$ 533,000	3.00 - 5.00	120,000
General Obligation Bonds of 2011.....	2025	903,489	3.00 - 5.00	410,000
General Obligation Bonds of 2016.....	2024	1,642,000	2.00 - 4.00	<u>1,225,000</u>
Add: Unamortized premium on bonds.....				<u>90,921</u>
Subtotal waterways bonds payable.....				<u>1,845,921</u>
Total Bonds Payable, net.....				<u>\$ 31,372,085</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$398,333 and interest costs for \$242,645. Thus, net sewer enterprise loan repayments, including interest, are scheduled to be \$2,865,735. The principal subsidies are guaranteed and therefore a \$398,333 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2018. 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 2018 principal and interest subsidies totaled \$249,944 and \$120,710, respectively.

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

Year	Principal	Interest	Total
2019.....	\$ 3,358,318	\$ 1,062,530	\$ 4,420,848
2020.....	2,569,601	947,267	3,516,868
2021.....	2,547,850	844,635	3,392,485
2022.....	2,405,105	746,255	3,151,360
2023.....	2,405,295	657,232	3,062,527
2024.....	2,346,780	567,942	2,914,722
2025.....	1,659,587	506,255	2,165,842
2026.....	1,441,846	451,226	1,893,072
2027.....	1,151,941	403,898	1,555,839
2028.....	1,148,612	362,282	1,510,894
2029.....	1,150,428	323,262	1,473,690
2030.....	1,157,392	284,262	1,441,654
2031.....	1,154,508	245,219	1,399,727
2032.....	946,777	206,174	1,152,951
2033.....	949,205	175,478	1,124,683
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.....	<u>555,000</u>	<u>11,100</u>	<u>566,100</u>
Total.....	<u>\$ 30,318,245</u>	<u>\$ 8,329,417</u>	<u>\$ 38,647,662</u>

At June 30, 2018, the Town had the following authorized and unissued debt:

Purpose	Amount
Marine park recreational facility.....	\$ 280,000
Energy savings contract.....	3,200,000
Facilities design/ engineering services.....	150,000
Library renovation.....	2,014,520
Financial management software.....	200,000
Foreshore protection.....	700,000
Water.....	8,182,000
Sewer.....	1,076,406
Oceanside Drive seawall replacement.....	2,000,000
School improvements.....	5,666,478
Dredging.....	395,000
Pump station replacement.....	625,000
Public safety complex design and construction.....	1,313,000
SCADA upgrade.....	288,000
Culvert improvements.....	400,000
Cedar Point infiltration/inflow.....	2,500,000
Widow's Walk golf course irrigation system.....	2,200,000
Septic loan program.....	200,000
Road and sidewalk improvements.....	200,000
Vehicles and equipment.....	679,000
Water meter replacement.....	175,000
Well upgrade.....	1,125,510
Total.....	\$ <u>33,569,914</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 76,226,155	\$ 500,000	\$ (4,302,159)	\$ -	\$ -	\$ 72,423,996	\$ 4,180,637
Add: Unamortized premium on bonds...	5,047,567	-	(474,945)	-	-	4,572,622	449,499
Total bonds payable.....	81,273,722	500,000	(4,777,104)	-	-	76,996,618	4,630,136
Capital lease obligations.....	789,204	-	-	-	(102,632)	686,572	686,572
Compensated absences.....	1,727,306	-	-	966,638	(1,185,200)	1,508,744	981,900
Net pension liability.....	36,692,354	-	-	5,331,797	(9,806,169)	32,217,982	-
Net other postemployment benefits.....	80,928,380	-	-	4,749,326	(2,709,758)	82,967,948	-
Total governmental activity long-term liabilities.....	\$ <u>201,410,966</u>	\$ <u>500,000</u>	\$ <u>(4,777,104)</u>	\$ <u>11,047,761</u>	\$ <u>(13,803,759)</u>	\$ <u>194,377,864</u>	\$ <u>6,298,608</u>
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 33,680,877	\$ -	\$ (3,362,632)	\$ -	\$ -	\$ 30,318,245	\$ 3,358,318
Add: Unamortized premium on bonds...	1,187,058	-	(133,218)	-	-	1,053,840	123,009
Total bonds payable.....	34,867,935	-	(3,495,850)	-	-	31,372,085	3,481,327
Capital lease obligations.....	140,265	-	-	-	(46,270)	93,995	44,248
Landfill closure.....	931,000	-	-	41,000	(72,000)	900,000	75,000
Compensated absences.....	122,753	-	-	42,925	(76,500)	89,178	58,500
Net pension liability.....	4,856,581	-	-	519,114	(1,808,270)	3,567,425	-
Net other postemployment benefits.....	2,601,595	-	-	171,552	(89,434)	2,683,713	-
Total business-type activity long-term liabilities.....	\$ <u>43,520,129</u>	\$ <u>-</u>	\$ <u>(3,495,850)</u>	\$ <u>774,591</u>	\$ <u>(2,092,474)</u>	\$ <u>38,706,396</u>	\$ <u>3,659,075</u>

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.

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

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

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, 2018, the governmental fund balances consisted of the following:

	General	Community Preservation	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 27,051	\$ 27,051
Restricted for:					
Community preservation.....	-	9,795,873	-	-	9,795,873
School lunch.....	-	-	-	106,513	106,513
School gifts and grants.....	-	-	-	498,152	498,152
School revolving.....	-	-	-	607,574	607,574
Town gifts.....	-	-	-	218,258	218,258
Town grants.....	-	-	-	1,024,837	1,024,837
Town revolving.....	-	-	-	5,286,054	5,286,054
Highway improvements.....	-	-	-	9,101	9,101
Title V program.....	-	-	-	15,242	15,242
Affordable housing.....	-	-	-	949,811	949,811
Middle school construction.....	-	-	-	2,955,309	2,955,309
Town trust funds.....	-	-	-	406,175	406,175
Workers compensation.....	510,884	-	-	-	510,884
Committed to:					
Articles and continuing appropriations:					
General government.....	285,071	-	-	-	285,071
Public safety.....	1,297,212	-	-	-	1,297,212
Education.....	941,510	-	-	-	941,510
Public works.....	1,546,427	-	-	-	1,546,427
Human services.....	983,650	-	-	-	983,650
Culture and recreation.....	447,300	-	-	-	447,300
Debt Service.....	647	-	-	-	647
Assigned to:					
Encumbrances:					
General government.....	257,294	-	-	-	257,294
Public safety.....	17,861	-	-	-	17,861
Education.....	133,428	-	-	-	133,428
Public works.....	491,322	-	-	-	491,322
Human services.....	6,342	-	-	-	6,342
Culture and recreation.....	630	-	-	-	630
Employee benefits.....	786	-	-	-	786
Debt service.....	4,830	-	-	-	4,830
Unassigned.....	6,427,923	-	(4,324,010)	(448,416)	1,655,497
Total Fund Balances.....	\$ 13,353,117	\$ 9,795,873	\$ (4,324,010)	\$ 11,655,661	\$ 30,480,641

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

**NOTE 11 – PENSION PLAN***Plan Descriptions*

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

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

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$9,203,248 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 \$88,176,599 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, 2017.

### *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, 2017 and totaled \$4,530,275, 24.72% 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, 2018, the Town reported a liability of \$35,785,407 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportion was 6.63%, which increased from its proportion of 6.559% measured at December 31, 2016.

### *Pension Expense*

For the year ended June 30, 2018, the Town recognized a net pension expense of \$3,876,977. At June 30, 2018, Town reported deferred outflows of resources related to pensions of \$1,330,328, and deferred inflows of resources related to pensions of \$2,312,993.

The balances of deferred outflows/(inflows) or resources related to pension at June 30, 2018 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 778,991	\$ -	\$ 778,991
Difference between projected and actual earnings, net.....	-	(1,374,353)	(1,374,353)
Changes in assumptions.....	-	(676,862)	(676,862)
Changes in proportion and proportionate share of contributions.....	551,337	(261,778)	289,559
Total deferred outflows/(inflows) of resources.....	\$ 1,330,328	\$ (2,312,993)	\$ (982,665)

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

#### Year ended June 30:

2019.....	\$ 590,068
2020.....	141,187
2021.....	(757,834)
2022.....	<u>(956,086)</u>
Total.....	\$ <u>(982,665)</u>

*Actuarial Assumptions*

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

Valuation date.....	January 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increase at 3.5% for the unfunded actuarial accrued liability, and level amortization of the 2002, 2003, and 2013 Early Retirement incentives.
Remaining amortization period.....	Amortization of the unfunded actuarial accrued liability over 12 years, the 2002 ERI over 2 years, 2003 ERI over 3 years, and the 2013 ERI over 11 years, all as of July 1, 2017.
Asset valuation method.....	Market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Investment rate of return/Discount rate.....	8% nominal rate, net of investment expense.
Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

*Investment Policy*

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

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

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

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

#### *Rate of Return*

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Discount Rate*

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

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

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
<u>December 31, 2017 Measurement Date</u>			
The Town's proportionate share of the net pension liability..... \$	<u>46,425,481</u>	<u>\$ 35,785,407</u>	<u>\$ 26,572,877</u>

#### *Changes in Assumptions and Plan Provisions*

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

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

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

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

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

*Funding Policy* – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for healthcare and life insurance for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their

premium costs for healthcare and life insurance. For the year ended June 30, 2018, the Town's average contribution rate was 5.61% of covered-employee payroll.

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

During 2018, the Town pre-funded future OPEB liabilities totaling approximately \$90,600 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$924,837. The Town has adopted a policy of pre-funding future OPEB liabilities which includes allocating 2% of the annual retirement assessment to the OPEB fund through the annual operating budget. This policy is adopted by and may be amended at any time by the Town's Board of Selectmen.

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Measurement Date* – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

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

Active members.....	693
Inactive employees or beneficiaries currently receiving benefits.....	<u>562</u>
Total.....	<u>1,255</u>

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 86,576,498
Less: OPEB plan's fiduciary net position.....	<u>(924,837)</u>
Net OPEB liability.....	<u>\$ 85,651,661</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	1.07%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018, to be in accordance with GASB Statements #74 and #75:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Entry Age Normal as a Percentage of Payroll
Asset valuation method.....	Market Value of Assets as of the Reporting Date, July 1, 2017.
Discount rate.....	3.5% The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20 year bond indexes (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2017 and blended with portion of liability funded in an OPEB trust. The selected discount rate was rounded to the nearest 0.1% for valuation purposes.
Inflation.....	2.75% as of June 30, 2016 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2016 and for future periods.
Healthcare cost trend rate.....	8.0% decreasing 0.5% for periods starting in 2019. Ultimate trend of 5.0% starting July 1, 2026.
Mortality.....	RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre & post retirement projected with mortality improvements using Projection Scale AA for 2.5 years, (i.e., from date of table to the valuation date), plus seven (7) years generational improvement.

*Rate of return* – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 1.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

The Town's net other postemployment benefits liability was determined based on an average of the Bond Buyer 20-year General Obligation Bond, the Standard & Poor's Municipal Bond 20-year High Grade Rate Index, and the Fidelity GA AA 20-year Bond as of June 30, 2018 blended with the portion of the liability funded in the OPEB trust



which resulted in a selected discount rate of 3.50%. The blending is based on the sufficiency of projected assets to make projected benefit payments.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017.....	\$ 84,350,110	\$ 820,135	\$ 83,529,975
Changes for the year:			
Service cost.....	2,015,778	-	2,015,778
Interest.....	2,905,100	-	2,905,100
Contributions - Employer.....	-	2,785,095	(2,785,095)
Net investment income.....	-	14,097	(14,097)
Benefit payments.....	(2,694,490)	(2,694,490)	-
Net change.....	2,226,388	104,702	2,121,686
Balances at June 30, 2018.....	\$ <u>86,576,498</u>	\$ <u>924,837</u>	\$ <u>85,651,661</u>

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability.....	\$ <u>107,317,645</u>	\$ <u>85,651,661</u>	\$ <u>70,154,807</u>

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

	1% Decrease (7.00%)	Current Trend (8.00%)	1% Increase (9.00%)
Net OPEB liability.....	\$ <u>69,189,605</u>	\$ <u>85,651,661</u>	\$ <u>109,618,006</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2018, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$4,906,781. As of June 30, 2018, there were no deferred outflows or inflows of resources related to OPEB.

*Changes in Assumptions – None.*

*Changes in Plan Provisions – None.*

### **NOTE 13 – LANDFILL CLOSURE COSTS**

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill cover is installed. The Town presently appropriates approximately \$152,000 per year for post-closure care costs and has recorded a liability of \$900,000 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 \$5.7 million for middle school improvements, \$2 million for foreshore protection, \$2.3 million for library renovations, \$2.3 million for Cedar Point project, and \$1.2 million in sewer 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 2018 were \$297,763.

The Town is working with the Federal Emergency Management Agency to close out several open claims for damages from 2012 through 2018 for the presidentially declared disasters of Hurricane Sandy (DR-4097), Storm Nemo (DR-4110), Storm Juno (DR-4214) and Storm Riley (DR-4372). The majority of these claims are related to repairs to foreshore structures.

### **NOTE 15 – CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2018, 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 18, 2018, which is the date the financial statements were available to be issued.

**NOTE 17 – REVISION OF NET POSITION PREVIOUSLY REPORTED**

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ 63,949,473	\$ (50,594,169)	\$ 13,355,304
Business-type activities.....	46,677,540	(1,537,660)	45,139,880
Total.....	<u>\$ 110,627,013</u>	<u>\$ (52,131,829)</u>	<u>\$ 58,495,184</u>
<b>Business-type Activities - Enterprise Funds</b>			
Water enterprise fund.....	\$ 11,598,653	\$ (871,561)	\$ 10,727,092
Sewer enterprise fund.....	29,178,592	(283,765)	28,894,827
Transfer Station enterprise fund.....	350,107	(268,496)	81,611
Widow's Walk Golf Course enterprise fund.....	1,070,293	(19,997)	1,050,296
Waterways enterprise fund.....	4,479,895	(93,841)	4,386,054
Total.....	<u>\$ 46,677,540</u>	<u>\$ (1,537,660)</u>	<u>\$ 45,139,880</u>

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

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

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, 2018

	Budgeted Amounts							
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget	
<b>REVENUES:</b>								
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 61,680,250	\$ 61,680,250	\$ 61,740,250	\$ 61,455,720	\$ -	\$ (284,530)	
Tax liens.....	-	-	-	-	308,741	-	308,741	
Motor vehicle and other excise taxes.....	-	2,989,000	2,989,000	2,989,000	3,190,904	-	201,904	
Meals tax.....	-	245,000	245,000	245,000	261,318	-	16,318	
Penalties and interest on taxes.....	-	385,000	385,000	385,000	390,597	-	5,597	
Fees and rentals.....	-	383,400	383,400	383,400	466,513	-	83,113	
Payments in lieu of taxes.....	-	19,500	19,500	19,500	16,798	-	(2,702)	
Licenses and permits.....	-	557,430	557,430	557,430	709,531	-	152,101	
Fines and forfeitures.....	-	66,300	66,300	66,300	48,206	-	(18,094)	
Intergovernmental - state aid.....	-	7,663,174	7,663,174	7,663,174	7,887,292	-	224,118	
Departmental and other.....	-	1,045,016	1,045,016	1,045,016	1,330,758	-	285,742	
Special assessments.....	-	3,870	3,870	3,870	4,380	-	510	
Investment income.....	-	106,000	106,000	106,000	339,221	-	233,221	
 TOTAL REVENUES.....	 -	 75,143,940	 75,143,940	 75,203,940	 76,409,979	 -	 1,206,039	
<b>EXPENDITURES:</b>								
Current:								
General Government								
Town Administrator								
Personal services.....	15,744	352,493	368,237	376,477	368,613	-	7,864	
Purchase of services.....	13,684	157,800	171,484	171,485	163,588	6,766	1,131	
Town Counsel.....	28,228	130,000	158,228	149,988	117,728	6,166	26,094	
Labor Counsel.....	74,923	264,349	339,272	339,272	129,152	174,596	35,524	
Materials and supplies.....	-	7,400	7,400	7,400	4,912	360	2,128	
Salary adjustments.....	20,000	10,000	30,000	30,000	20,000	10,000	-	
Article - Collective bargaining.....	120,851	-	120,851	120,851	-	120,851	-	
Article - Contractual obligations.....	25,000	-	25,000	25,000	-	25,000	-	
Article - Prior year bills.....	-	-	-	705	705	-	-	
Total.....	298,430	922,042	1,220,472	1,221,178	804,698	343,739	72,741	
 Advisory Committee								
Personal services.....	-	1,934	1,934	1,934	1,754	-	180	
Purchase of services.....	-	250	250	250	245	-	5	
Materials and supplies.....	-	4,000	4,000	4,000	4,000	-	-	
Total.....	-	6,184	6,184	6,184	5,999	-	185	
 Reserve Fund.....	 -	 75,000	 75,000	 75,000	 -	 -	 75,000	
 Town Accountant								
Personal services.....	-	299,081	299,081	276,509	273,503	-	3,006	
Purchase of services.....	9	61,600	61,609	61,609	56,776	1,500	3,333	
Materials and supplies.....	-	1,300	1,300	1,300	1,262	-	38	
Article - Integrated financial system.....	90,536	-	90,536	90,536	32,717	57,819	-	
Total.....	90,545	361,981	452,526	429,954	364,258	59,319	6,377	
 Assessors								
Personal services.....	-	201,974	201,974	217,546	217,545	-	1	
Purchase of services.....	100	5,100	5,200	5,200	4,417	100	683	
Materials and supplies.....	-	500	500	500	345	-	155	
Assessor's revaluation.....	-	-	-	75,000	-	75,000	-	
Total.....	100	207,574	207,674	298,246	222,307	75,100	839	
 Treasurer/Collector								
Personal services.....	-	284,442	284,442	288,169	288,169	-	-	
Purchase of services.....	-	94,125	94,125	90,398	82,868	1,005	6,525	
Materials and supplies.....	-	2,300	2,300	2,300	1,919	-	381	
Total.....	-	380,867	380,867	380,867	372,956	1,005	6,906	
 Information Technology								
Personal services.....	-	152,680	152,680	152,680	152,680	-	-	
Purchase of services.....	10,041	203,980	214,021	214,021	186,115	26,571	1,335	
Materials and supplies.....	395	400	795	795	774	-	21	
Capital outlay.....	-	14,000	14,000	14,000	13,306	-	694	
Total.....	10,436	371,060	381,496	381,496	352,875	26,571	2,050	
 Tax foreclosures.....	 -	 39,000	 39,000	 39,000	 16,399	 -	 22,601	

(Continued)

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

YEAR ENDED JUNE 30, 2018

	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>Cable TV</b>							
Personal services.....	-	82,470	82,470	81,492	81,492	-	-
Purchase of services.....	-	11,500	11,500	1,700	1,700	-	-
Materials and supplies.....	-	2,750	2,750	544	544	-	-
Capital outlay.....	128,778	30,000	158,778	73,011	73,011	-	-
Total.....	128,778	126,720	255,498	156,747	156,747	-	-
<b>Town Clerk</b>							
Personal services.....	-	156,481	156,481	156,481	149,034	-	7,447
Purchase of services.....	-	20,745	20,745	20,745	18,032	-	2,713
Materials and supplies.....	-	4,175	4,175	4,175	3,246	70	859
Article - Voting machines.....	6,401	-	6,401	6,401	-	6,401	-
Total.....	6,401	181,401	187,802	187,802	170,312	6,471	11,019
<b>Conservation</b>							
Personal services.....	-	214,719	214,719	235,415	235,415	-	-
Purchase of services.....	-	5,362	5,362	5,362	1,753	-	3,609
Materials and supplies.....	-	950	950	950	489	-	461
Total.....	-	221,031	221,031	241,727	237,657	-	4,070
<b>Planning Board</b>							
Personal services.....	-	130,421	130,421	100,832	94,670	-	6,162
Purchase of services.....	-	8,845	8,845	8,845	8,535	-	310
Materials and supplies.....	-	700	700	700	652	-	48
Capital outlay.....	-	270	270	270	264	-	6
Total.....	-	140,236	140,236	110,647	104,121	-	6,526
<b>Zoning Board of Appeals</b>							
Personal services.....	-	21,743	21,743	21,743	21,743	-	-
Purchase of services.....	-	500	500	500	75	-	425
Materials and supplies.....	384	330	714	714	661	-	53
Total.....	384	22,573	22,957	22,957	22,479	-	478
<b>Board of Selectmen/Economic Development</b>							
Purchase of services.....	1,800	49,000	50,800	50,800	23,744	23,115	3,941
<b>Property/Liability Insurance</b>	7,500	661,373	668,873	668,873	609,508	7,045	52,320
<b>Total General Government</b>	544,374	3,766,042	4,310,416	4,271,478	3,464,060	542,365	265,053
<b>Public Safety</b>							
<b>Police</b>							
Personal services.....	4,150	3,249,212	3,253,362	3,320,362	3,316,474	-	3,888
Purchase of services.....	600	119,891	120,491	110,491	106,228	745	3,518
Materials and supplies.....	1,123	80,800	81,923	81,923	80,922	510	491
Capital outlay.....	-	164,021	164,021	164,021	147,496	12,455	4,070
Article - PSC monopole and dispatch system.....	5,540	-	5,540	5,540	5,536	4	-
Article - Radio equipment and infrastructure.....	-	-	-	160,000	-	160,000	-
Total.....	11,413	3,613,924	3,625,337	3,842,337	3,656,656	173,714	11,967
<b>Fire</b>							
Personal services.....	1,900	4,446,993	4,448,893	4,505,893	4,502,905	-	2,988
Purchase of services.....	2,235	55,100	57,335	57,335	50,135	799	6,401
Materials and supplies.....	2,689	163,975	166,664	160,663	154,717	3,353	2,593
Article - Ambulance.....	5,718	-	5,718	5,718	4,761	957	-
Article - Fire turn out gear.....	572	-	572	572	572	-	-
Article - Renovate fire station.....	250,000	-	250,000	250,000	1,250	248,750	-
Article - Zoll monitor.....	50,000	-	50,000	50,000	50,000	-	-
Article - Station 4 phase II renovation.....	-	-	-	50,000	-	50,000	-
Article - Rescue pumper replacement.....	-	-	-	537,500	-	537,500	-
Article - Communications equipment.....	-	-	-	300,000	-	300,000	-
Total.....	313,114	4,666,068	4,979,182	5,917,681	4,764,340	1,141,359	11,982
<b>Inspections</b>							
Personal services.....	-	316,797	316,797	324,717	324,713	-	4
Purchase of services.....	-	2,900	2,900	2,900	2,023	-	877
Materials and supplies.....	-	900	900	900	564	-	336
Total.....	-	320,597	320,597	328,517	327,300	-	1,217
<b>Shellfish</b>							
Personal services.....	-	8,000	8,000	8,000	8,000	-	-
Purchase of services.....	-	275	275	275	50	-	225
Materials and supplies.....	-	400	400	400	257	-	143
Total.....	-	8,675	8,675	8,675	8,307	-	368

(Continued)



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

YEAR ENDED JUNE 30, 2018

	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>Public Safety Communications Center</b>							
Personal services.....	-	558,181	558,181	571,154	571,153	-	1
Purchase of services.....	-	2,000	2,000	2,000	1,897	-	103
Materials and supplies.....	-	200	200	200	200	-	-
<b>Total.....</b>	-	560,381	560,381	573,354	573,250	-	104
<b>Total Public Safety.....</b>	<b>324,527</b>	<b>9,169,645</b>	<b>9,494,172</b>	<b>10,670,564</b>	<b>9,329,853</b>	<b>1,315,073</b>	<b>25,638</b>
<b>Education</b>							
School Committee.....	154,423	36,120,900	36,275,323	36,264,296	36,128,173	133,428	2,695
South Shore Regional School Assessment.....	-	754,321	754,321	754,321	750,263	-	4,058
Article - Carpeting various schools.....	5,000	-	5,000	5,000	5,000	-	-
Article - High School generator.....	16,170	-	16,170	16,170	-	16,170	-
Article - Jenkins school playground stairs.....	8,308	-	8,308	8,308	481	7,827	-
Article - System wide carpet.....	8,906	-	8,906	8,906	8,906	-	-
Article - School painting.....	25,150	-	25,150	25,150	984	24,166	-
Article - Gates ramp and fire escape.....	-	-	-	-	-	-	-
Article - Jenkins outside stairs.....	50,000	-	50,000	50,000	-	50,000	-
Article - Hatherly and Cushing flat roof repair.....	23,743	-	23,743	23,743	10,400	13,343	-
Article - School technology.....	802	-	802	802	802	-	-
Article - High School foyer repair.....	150,000	-	150,000	150,000	2,696	147,304	-
Article - Cushing and high school fields irrigation.....	83,585	-	83,585	83,585	4,740	78,845	-
Article - Jenkins swing set.....	30,000	-	30,000	30,000	1,620	28,380	-
Article - Hatherly and Cushing modules.....	40,000	-	40,000	40,000	-	40,000	-
Article - Ceiling tiles at Hatherly and Cushing.....	40,000	-	40,000	40,000	-	40,000	-
Article - School technology.....	96,475	-	96,475	96,475	96,475	-	-
Article - Hatherly school replace roof trim.....	27,500	-	27,500	27,500	-	27,500	-
Article - Replace special education vans.....	-	-	-	120,000	-	120,000	-
Article - High School floors, science, café, stairs.....	-	-	-	57,897	-	57,897	-
Article - School carpeting.....	-	-	-	50,000	16,922	33,078	-
Article - School technology.....	-	-	-	100,000	-	100,000	-
Article - Study Hatherly, Cushing, Wampatuck.....	-	-	-	80,000	-	80,000	-
Article - Design High School locker rooms.....	-	-	-	45,000	-	45,000	-
Article - High School expansion tanks.....	-	-	-	32,000	-	32,000	-
<b>Total Education.....</b>	<b>760,062</b>	<b>36,875,221</b>	<b>37,635,283</b>	<b>38,109,153</b>	<b>37,027,462</b>	<b>1,074,938</b>	<b>6,753</b>
<b>Public Works</b>							
<b>Public Works</b>							
Personal services.....	3,750	1,604,182	1,607,932	1,607,932	1,539,947	-	67,985
Purchase of services.....	31,826	452,358	484,184	484,184	437,532	19,482	27,170
Materials and supplies.....	1,256	202,675	203,931	203,932	199,228	903	3,801
Capital outlay.....	454,130	401,825	855,955	855,955	595,815	260,065	75
Article - DPW survey equipment.....	13,377	-	13,377	13,377	5,250	8,127	-
Article - Stormwater compliance.....	34,572	-	34,572	34,572	-	34,572	-
Article - Stormwater compliance.....	50,000	-	50,000	50,000	-	50,000	-
Article - FEMA Hurricane Sandy Town share.....	66,238	-	66,238	66,238	-	66,238	-
Article - Diesel tank.....	29,773	-	29,773	29,773	29,773	-	-
Article - Roadway improvements.....	160,244	-	160,244	160,244	63,635	96,609	-
Article - Cudworth cemetery.....	27,699	-	27,699	27,699	2,810	24,889	-
Article - Foreshore protection.....	200,000	-	200,000	200,000	40,996	159,004	-
Article - Design and engineering of culverts.....	12,431	-	12,431	12,431	12,431	-	-
Article - DPW vehicles.....	21	-	21	21	-	21	-
Article - Road and sidewalk improvements.....	83,721	-	83,721	83,721	83,721	-	-
Article - Road and sidewalk improvements.....	300,000	100,000	400,000	400,000	179,435	220,565	-
Article - Foreshore protection.....	200,000	-	200,000	200,000	195,157	4,843	-
Article - Cudworth cemetery.....	50,000	-	50,000	50,000	-	50,000	-
Article - Diesel tank.....	35,000	-	35,000	35,000	35,000	-	-
Article - CAT front end loader.....	170,000	-	170,000	170,000	170,000	-	-
Article - Replace vehicles.....	-	-	-	200,000	-	200,000	-
Article - Replace vehicles.....	-	-	-	70,000	-	70,000	-
Article - Replace vehicles.....	-	-	-	70,000	-	70,000	-
Article - Replace vehicles.....	-	-	-	40,000	34,100	5,900	-
Article - Expand Cudworth cemetery.....	-	-	-	140,000	-	140,000	-
Article - Replace vehicles.....	-	-	-	70,000	45,314	24,686	-
Article - Replace vehicles.....	-	-	-	70,000	-	70,000	-
Article - Replace vehicles.....	-	-	-	45,000	-	45,000	-
<b>Total.....</b>	<b>1,924,038</b>	<b>2,761,040</b>	<b>4,685,078</b>	<b>5,390,079</b>	<b>3,670,144</b>	<b>1,620,904</b>	<b>99,031</b>
<b>Facilities</b>							
Personal services.....	-	310,377	310,377	298,377	297,836	-	541
Purchase of services.....	11,760	358,832	370,592	383,592	351,986	22,054	9,552
Materials and supplies.....	1,324	199,500	200,824	220,824	200,896	16,399	3,529
Capital outlay.....	62,879	120,000	182,879	119,879	64,987	32,140	22,752
Article - Town hall ventilation.....	35,000	-	35,000	35,000	-	35,000	-
Article - Police station demolition.....	250,000	-	250,000	250,000	129,027	120,973	-
Article - ADA transition plan.....	50,000	-	50,000	50,000	-	50,000	-
<b>Total.....</b>	<b>410,963</b>	<b>988,709</b>	<b>1,399,672</b>	<b>1,357,672</b>	<b>1,044,732</b>	<b>276,566</b>	<b>36,374</b>

(Continued)

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

YEAR ENDED JUNE 30, 2018

	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			
Snow and Ice							
Personal services.....	-	93,555	93,555	93,555	80,431	-	13,124
Purchase of services.....	-	188,456	188,456	266,921	240,392	16,990	9,539
Materials and supplies.....	-	215,102	215,102	236,637	236,181	-	456
Total.....	-	497,113	497,113	597,113	557,004	16,990	23,119
Emergency Storm Clean Up							
Personal services.....	-	-	-	85,112	85,112	-	-
Purchase of services.....	13	-	13	575,942	516,164	59,778	-
Materials and supplies.....	-	-	-	338,945	283,965	54,980	-
Total.....	13	-	13	999,999	885,241	114,758	-
Street Lights and Beacons							
Purchase of services.....	-	60,000	60,000	120,013	80,787	8,531	30,695
Total Public Works.....	2,335,014	4,306,862	6,641,876	8,464,876	6,237,908	2,037,749	189,219
Human Services							
Board of Health							
Personal services.....	-	167,187	167,187	167,187	164,525	-	2,662
Purchase of services.....	-	9,225	9,225	9,225	9,218	-	7
Materials and supplies.....	134	1,735	1,869	1,869	1,512	-	357
Capital outlay.....	-	125	125	125	125	-	-
Total.....	134	178,272	178,406	178,406	175,380	-	3,026
Council on Aging							
Personal services.....	-	203,309	203,309	203,309	169,943	-	33,366
Purchase of services.....	578	13,750	14,328	14,329	14,311	-	18
Materials and supplies.....	-	2,100	2,100	2,100	1,882	-	218
Capital outlay.....	-	2,000	2,000	2,000	2,000	-	-
Article - Senior Center design and engineering.....	-	-	-	983,650	-	983,650	-
Total.....	578	221,159	221,737	1,205,388	188,136	983,650	33,602
Veterans' Benefits/Services							
Personal services.....	-	74,982	74,982	74,982	73,206	-	1,776
Purchase of services.....	3,009	121,950	124,959	103,959	94,747	5,811	3,401
Materials and supplies.....	-	1,250	1,250	1,250	1,122	-	128
Total.....	3,009	198,182	201,191	180,191	169,075	5,811	5,305
Commission on Disabilities							
Purchase of services.....	600	4,700	5,300	5,300	3,117	242	1,941
Materials and supplies.....	-	300	300	300	11	289	-
Total.....	600	5,000	5,600	5,600	3,128	531	1,941
Total Human Services.....	4,321	602,613	606,934	1,569,585	535,719	989,992	43,874
Culture and Recreation							
Library							
Personal services.....	5,250	778,518	783,768	733,768	728,053	-	5,715
Purchase of services.....	5,437	110,969	116,406	116,406	107,550	359	8,497
Materials and supplies.....	-	117,600	117,600	117,600	117,479	-	121
Capital outlay.....	-	2,000	2,000	2,000	2,000	-	-
Total.....	10,687	1,009,087	1,019,774	969,774	955,082	359	14,333
Recreation							
Personal services.....	-	147,754	147,754	147,754	147,696	-	58
Purchase of services.....	-	945	945	945	809	-	136
Materials and supplies.....	-	150	150	150	150	-	-
Capital outlay.....	-	500	500	500	-	-	500
Article - Club boats.....	2,300	-	2,300	2,300	-	2,300	-
Article - Turf carpet replacement.....	445,000	-	445,000	445,000	-	445,000	-
Total.....	447,300	149,349	596,649	596,649	148,655	447,300	694
Beautification							
Materials and supplies.....	1,950	21,500	23,450	23,450	22,694	271	485
Historical Buildings							
Purchase of services.....	475	13,744	14,219	14,219	13,764	-	455
Total Culture and Recreation.....	460,412	1,193,680	1,654,092	1,604,092	1,140,195	447,930	15,967
Debt Service							
Principal.....	6,480	4,239,910	4,246,390	4,302,159	4,302,159	-	-
Interest.....	-	3,349,221	3,349,221	3,293,452	3,237,379	4,830	51,243
Article - Transfer station debt payoff.....	647	-	647	647	-	647	-
Total Debt Service.....	7,127	7,589,131	7,596,258	7,596,258	7,539,538	5,477	51,243

(Continued)

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

YEAR ENDED JUNE 30, 2018

	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.....	-	27,460	27,460	27,460	27,460	-	-
Plymouth County Retirement.....	-	4,620,880	4,620,880	4,620,880	4,620,880	-	-
Workers' Compensation.....	-	210,000	210,000	210,000	210,000	-	-
Unemployment Insurance.....	929	130,000	130,929	130,929	78,630	786	51,513
Contributory Group Insurance.....	179,183	5,860,000	6,039,183	6,039,183	5,879,559	-	159,624
Employee Benefits.....	-	695,155	695,155	695,155	671,758	-	23,397
State and county charges.....	-	740,503	740,503	740,503	698,143	-	42,360
<b>TOTAL EXPENDITURES.....</b>	<b>4,615,949</b>	<b>75,787,192</b>	<b>80,403,141</b>	<b>84,750,116</b>	<b>77,461,165</b>	<b>6,414,310</b>	<b>874,641</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(4,615,949)</b>	<b>(643,252)</b>	<b>(5,259,201)</b>	<b>(9,546,176)</b>	<b>(1,051,186)</b>	<b>(6,414,310)</b>	<b>2,080,680</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	1,478,459	1,478,459	2,887,737	2,998,370	-	110,633
Transfers out.....	-	(938,486)	(938,486)	(1,000,058)	(1,000,058)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>539,973</b>	<b>539,973</b>	<b>1,887,679</b>	<b>1,998,312</b>	<b>-</b>	<b>110,633</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(4,615,949)</b>	<b>(103,279)</b>	<b>(4,719,228)</b>	<b>(7,658,497)</b>	<b>947,126</b>	<b>(6,414,310)</b>	<b>2,191,313</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>8,383,894</b>	<b>8,383,894</b>	<b>8,383,894</b>	<b>8,383,894</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (4,615,949)</b>	<b>\$ 8,280,615</b>	<b>\$ 3,664,666</b>	<b>\$ 725,397</b>	<b>\$ 9,331,020</b>	<b>\$ (6,414,310)</b>	<b>\$ 2,191,313</b>

(Concluded)

See notes to required supplementary information.

# ***Pension Plan Schedules***

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

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

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

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

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

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2017.....	6.630%	\$ 35,785,407	\$ 18,325,397	195.28%	65.56%
December 31, 2016.....	6.559%	41,548,935	17,428,266	238.40%	58.32%
December 31, 2015.....	6.490%	41,160,818	17,153,284	239.96%	56.80%
December 31, 2014.....	6.490%	37,830,302	16,533,286	228.81%	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.

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
June 30, 2018.....	\$ 4,530,275	\$ (4,530,275)	\$ -	\$ 18,691,905	24.24%
June 30, 2017.....	4,373,651	(4,373,651)	-	17,776,831	24.60%
June 30, 2016.....	4,141,767	(4,141,767)	-	17,496,350	23.67%
June 30, 2015.....	3,912,145	(3,912,145)	-	16,863,952	23.20%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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

---

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2018.....	\$ 88,176,599	\$ 9,203,248	54.25%
2017.....	84,962,764	8,666,759	52.73%
2016.....	78,329,833	6,353,247	55.38%
2015.....	60,029,569	4,170,542	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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

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

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

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

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

	June 30, 2017	June 30, 2018
<b>Total OPEB Liability</b>		
Service Cost.....	\$ 1,957,066	\$ 2,015,778
Interest.....	2,256,740	2,905,100
Changes of benefit terms.....	-	-
Differences between expected and actual experience....	-	-
Changes of assumptions.....	16,839,537	-
Benefit payments.....	<u>(2,363,041)</u>	<u>(2,694,490)</u>
Net change in total OPEB liability.....	18,690,302	2,226,388
Total OPEB liability - beginning.....	<u>65,659,808</u>	<u>84,350,110</u>
Total OPEB liability - ending (a).....	<u>\$ 84,350,110</u>	<u>\$ 86,576,498</u>
<b>Plan fiduciary net position</b>		
Employer contributions.....	\$ 137,473	\$ 90,605
Employer contributions for OPEB payments.....	2,363,041	2,694,490
Net investment income.....	6,740	14,097
Benefit payments.....	<u>(2,363,041)</u>	<u>(2,694,490)</u>
Net change in plan fiduciary net position.....	144,213	104,702
Plan fiduciary net position - beginning of year.....	<u>675,922</u>	<u>820,135</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 820,135</u>	<u>\$ 924,837</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<b><u>\$ 83,529,975</u></b>	<b><u>\$ 85,651,661</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.97%	1.07%
Covered-employee payroll.....	\$ 45,656,152	\$ 49,673,355
Net OPEB liability as a percentage of covered-employee payroll.....	182.95%	172.43%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2018.....	\$ 2,694,490	\$ (2,785,095)	\$ (90,605)	\$ 49,673,355	5.61%
June 30, 2017.....	2,363,041	(2,500,514)	(137,473)	46,569,275	5.37%

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

See notes to required supplementary information.

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

---

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2018.....	1.61%
June 30, 2017.....	0.89%

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

See notes to required supplementary information.

**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 2018 approved budget for the general fund includes \$76.7 million in current year appropriations and other amounts to be raised and \$4.6 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$4.4 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, 2018, is presented below:

Net change in fund balance - budgetary basis.....	\$	947,126
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(1,118,332)
Workers' Compensation Fund.....		(54,665)
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		(34,343)
Recognition of revenue for on-behalf payments.....		9,203,248
Recognition of expenditures for on-behalf payments.....		<u>(9,203,248)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>(260,214)</u></u>

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

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

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

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

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

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

#### D. Changes in Assumptions

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

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

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

### **NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

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

#### ***The Other Postemployment Benefit Plan***

##### A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

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

##### B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are reported on the following page.

Valuation date.....	July 1, 2016
Actuarial cost method.....	Entry Age Normal as a Percentage of Payroll
Asset valuation method.....	Market Value of Assets as of the Reporting Date, July 1, 2017.
Discount rate.....	3.5% The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20 year bond indexes (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2017 and blended with portion of liability funded in an OPEB trust. The selected discount rate was rounded to the nearest 0.1% for valuation purposes.
Inflation.....	2.75% as of June 30, 2016 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2016 and for future periods.
Healthcare cost trend rate.....	8.0% decreasing 0.5% for periods starting in 2019. Ultimate trend of 5.0% starting July 1, 2026.
Mortality.....	RP 2014 Healthy Male and Female Tables are based on the Combined Healthy Table for both pre & post retirement projected with mortality improvements using Projection Scale AA for 2.5 years, (i.e., from date of table to the valuation date), plus seven (7) years generational improvement.

#### C. Schedule of Investment Returns

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

#### D. Changes in Assumptions – None.

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

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

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

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

Individual fund statements offer more descriptive account information.



# ***Nonmajor Governmental Funds***

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

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

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

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

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

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

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

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

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

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

*Affordable Housing* – To accounts for the activity related to the creation and preservation of affordable housing.

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

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

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

*Middle School Construction* – To account for the construction of the new middle school.

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

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2018

Special Revenue Funds						
	School Lunch	School Gifts and Grants	School Revolving	Town Gifts	Town Grants	Town Revolving
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 119,221	\$ 491,012	\$ 607,574	\$ 225,937	\$ 900,360	\$ 5,421,503
Receivables, net of uncollectibles:						
Intergovernmental - other.....	-	9,995	-	-	174,123	-
Special assessments.....	-	-	-	-	-	4,031
<b>TOTAL ASSETS.....</b>	<b>\$ 119,221</b>	<b>\$ 501,007</b>	<b>\$ 607,574</b>	<b>\$ 225,937</b>	<b>\$ 1,074,483</b>	<b>\$ 5,425,534</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 10,044	\$ 2,445	\$ -	\$ 7,679	\$ 43,775	\$ 94,399
Accrued payroll.....	2,664	410	-	-	5,871	41,050
Due to other funds.....	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>12,708</b>	<b>2,855</b>	<b>-</b>	<b>7,679</b>	<b>49,646</b>	<b>135,449</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	-	-	4,031
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	106,513	498,152	607,574	218,258	1,024,837	5,286,054
Unassigned.....	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>106,513</b>	<b>498,152</b>	<b>607,574</b>	<b>218,258</b>	<b>1,024,837</b>	<b>5,286,054</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 119,221</b>	<b>\$ 501,007</b>	<b>\$ 607,574</b>	<b>\$ 225,937</b>	<b>\$ 1,074,483</b>	<b>\$ 5,425,534</b>

(Continued)

Special Revenue Funds				Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Highway Improvements	Title V Program	Affordable Housing	Subtotal	Library Renovation	Middle School Construction	Subtotal	Town Trust Funds	
\$ -	\$ 15,242	\$ 949,811	\$ 8,730,660	\$ -	\$ 2,955,309	\$ 2,955,309	\$ 438,476	\$ 12,124,445
951,015	-	-	1,135,133	-	-	-	-	1,135,133
-	1,500	-	5,531	-	-	-	-	5,531
<u>\$ 951,015</u>	<u>\$ 16,742</u>	<u>\$ 949,811</u>	<u>\$ 9,871,324</u>	<u>\$ -</u>	<u>\$ 2,955,309</u>	<u>\$ 2,955,309</u>	<u>\$ 438,476</u>	<u>\$ 13,265,109</u>
\$ -	\$ -	\$ -	\$ 158,342	\$ -	\$ -	\$ -	\$ 5,250	\$ 163,592
-	-	-	49,995	-	-	-	-	49,995
9,101	-	-	9,101	448,416	-	448,416	-	457,517
9,101	-	-	217,438	448,416	-	448,416	5,250	671,104
932,813	1,500	-	938,344	-	-	-	-	938,344
-	-	-	-	-	-	-	27,051	27,051
9,101	15,242	949,811	8,715,542	-	2,955,309	2,955,309	406,175	12,077,026
-	-	-	-	(448,416)	-	(448,416)	-	(448,416)
9,101	15,242	949,811	8,715,542	(448,416)	2,955,309	2,506,893	433,226	11,655,661
<u>\$ 951,015</u>	<u>\$ 16,742</u>	<u>\$ 949,811</u>	<u>\$ 9,871,324</u>	<u>\$ -</u>	<u>\$ 2,955,309</u>	<u>\$ 2,955,309</u>	<u>\$ 438,476</u>	<u>\$ 13,265,109</u>

(Concluded)

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

JUNE 30, 2018

	Special Revenue Funds					
	School Lunch	School Gifts and Grants	School Revolving	Town Gifts	Town Grants	Town Revolving
<b>REVENUES:</b>						
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 484
Fees and rentals.....	-	-	-	-	2,158	-
Licenses and permits.....	-	-	-	-	-	270,229
Intergovernmental - other.....	187,155	1,984,966	-	-	2,428,089	136,728
Departmental and other.....	745,737	-	1,714,601	-	-	2,373,561
Contributions and donations.....	-	-	86,184	79,035	5,000	70,565
Investment income.....	16	-	-	-	37	4,699
<b>TOTAL REVENUES.....</b>	<b>932,908</b>	<b>1,984,966</b>	<b>1,800,785</b>	<b>79,035</b>	<b>2,435,284</b>	<b>2,856,266</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	-	-	18,444	-	641,052
Public safety.....	-	-	-	10,038	296,075	125,297
Education.....	840,586	2,263,347	1,631,678	-	-	-
Public works.....	-	-	-	34	5,015,996	334,822
Human services.....	-	-	-	10,362	188,177	209,601
Culture and recreation.....	-	-	-	29,979	29,333	428,019
<b>TOTAL EXPENDITURES.....</b>	<b>840,586</b>	<b>2,263,347</b>	<b>1,631,678</b>	<b>68,857</b>	<b>5,529,581</b>	<b>1,738,791</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>92,322</b>	<b>(278,381)</b>	<b>169,107</b>	<b>10,178</b>	<b>(3,094,297)</b>	<b>1,117,475</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	-	-	500,000	-
Premium from issuance of bonds.....	-	-	-	-	-	202,153
Proceeds from the sale of capital assets.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	98,752
Transfers out.....	-	-	(6,588)	-	(109,196)	(587,346)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>(6,588)</b>	<b>-</b>	<b>390,804</b>	<b>(286,441)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>92,322</b>	<b>(278,381)</b>	<b>162,519</b>	<b>10,178</b>	<b>(2,703,493)</b>	<b>831,034</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>14,191</b>	<b>776,533</b>	<b>445,055</b>	<b>208,080</b>	<b>3,728,330</b>	<b>4,455,020</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 106,513</b>	<b>\$ 498,152</b>	<b>\$ 607,574</b>	<b>\$ 218,258</b>	<b>\$ 1,024,837</b>	<b>\$ 5,286,054</b>

(Continued)

Special Revenue Funds				Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Highway Improvements	Title V Program	Affordable Housing	Subtotal	Library Renovation	Middle School Construction	Subtotal	Town Trust Funds	
\$ -	\$ 100	\$ -	\$ 584	\$ -	\$ -	\$ -	\$ -	\$ 584
-	-	-	2,158	-	-	-	-	2,158
-	-	-	270,229	-	-	-	-	270,229
9,101	-	-	4,746,039	997,096	1,613,008	2,610,104	-	7,356,143
-	500	-	4,834,399	-	-	-	-	4,834,399
-	-	-	240,784	200,000	-	200,000	17,240	458,024
-	-	11,962	16,714	2,177	-	2,177	1,726	20,617
9,101	600	11,962	10,110,907	1,199,273	1,613,008	2,812,281	18,966	12,942,154
-	-	20,197	679,693	-	-	-	-	679,693
-	-	-	431,410	-	-	-	99,311	530,721
-	-	-	4,735,611	-	6,543,688	6,543,688	-	11,279,299
36,201	-	-	5,387,053	-	-	-	-	5,387,053
-	-	-	408,140	-	-	-	-	408,140
-	-	-	487,331	135,580	-	135,580	36,939	659,850
36,201	-	20,197	12,129,238	135,580	6,543,688	6,679,268	136,250	18,944,756
(27,100)	600	(8,235)	(2,018,331)	1,063,693	(4,930,680)	(3,866,987)	(117,284)	(6,002,602)
-	-	-	500,000	-	-	-	-	500,000
-	-	-	202,153	-	-	-	-	202,153
-	-	206,432	206,432	-	-	-	-	206,432
36,201	-	-	134,953	-	-	-	185,000	319,953
-	(6,858)	-	(709,988)	-	-	-	(170,000)	(879,988)
36,201	(6,858)	206,432	333,550	-	-	-	15,000	348,550
9,101	(6,258)	198,197	(1,684,781)	1,063,693	(4,930,680)	(3,866,987)	(102,284)	(5,654,052)
-	21,500	751,614	10,400,323	(1,512,109)	7,885,989	6,373,880	535,510	17,309,713
\$ 9,101	\$ 15,242	\$ 949,811	\$ 8,715,542	\$ (448,416)	\$ 2,955,309	\$ 2,506,893	\$ 433,226	\$ 11,655,661

(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, 2018

	June 30, 2017		Additions		Deletions		June 30, 2018
<b>ASSETS</b>							
CURRENT:							
Cash and cash equivalents.....	\$ 2,514,721	\$	523,793	\$	(1,421,048)	\$	1,617,466
Receivables, net of allowance for uncollectibles:							
Departmental and other.....	83,270		89,459		(83,270)		89,459
TOTAL ASSETS.....	<u>\$ 2,597,991</u>	\$	<u>613,252</u>	\$	<u>(1,504,318)</u>	\$	<u>1,706,925</u>
<b>LIABILITIES</b>							
Warrants payable.....	\$ 769,649	\$	4,470	\$	(769,649)	\$	4,470
Liabilities due depositors.....	1,199,009		-		(105,336)		1,093,673
Other liabilities.....	629,333		608,782		(629,333)		608,782
TOTAL LIABILITIES.....	<u>\$ 2,597,991</u>	\$	<u>613,252</u>	\$	<u>(1,504,318)</u>	\$	<u>1,706,925</u>

This page intentionally left blank.



# Statistical Section

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



A seal enjoys the ice in Scituate during the winter.

## ***Statistical Section***

# ***Statistical Section***

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

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

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

## Net Position By Component

### Last Ten Years

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964	\$ 58,009,621	\$ 74,483,888	\$ 93,697,063	\$ 104,186,614
Restricted.....	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118	12,110,522
Unrestricted.....	13,013,951	27,219	1,208,526	413,970	(2,073,085)	(37,686,872)	(39,543,990)	(41,330,572)	(94,512,877)	(95,111,346)
<b>Total governmental activities net position.....</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>\$ 44,206,189</b>	<b>\$ 13,355,304</b>	<b>\$ 21,185,790</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580	\$ 30,168,211	\$ 33,793,072	\$ 37,113,868	\$ 37,620,238
Restricted.....	4,352,481	-	-	-	-	-	-	-	-	-
Unrestricted.....	943,745	4,725,581	15,346,008	14,228,936	13,527,535	15,231,833	15,476,554	12,603,082	8,026,012	7,816,611
<b>Total business-type activities net position.....</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>\$ 46,396,154</b>	<b>\$ 45,139,880</b>	<b>\$ 45,436,849</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544	\$ 88,177,832	\$ 108,276,960	\$ 130,810,931	\$ 141,806,852
Restricted.....	4,152,972	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118	12,110,522
Unrestricted.....	13,957,696	4,752,800	16,554,534	14,642,906	11,454,450	(22,455,039)	(24,067,436)	(28,727,490)	(86,486,865)	(87,294,735)
<b>Total primary government net position.....</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>\$ 74,616,451</b>	<b>\$ 79,076,651</b>	<b>\$ 90,602,343</b>	<b>\$ 58,495,184</b>	<b>\$ 66,622,639</b>

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

(2) Reflects the implementation of GASB Statement #75.

Source: Audited Financial Statements

# Changes in Net Position

## Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125	\$ 4,876,844	\$ 5,984,034	\$ 7,189,607	\$ 5,225,619
Public safety.....	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321	13,092,547	12,078,310	14,026,757	13,003,419
Education.....	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980	49,944,296	53,653,828	58,568,294	62,030,141
Public works.....	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895	6,767,282	6,784,427	6,913,537	7,736,141
Human services.....	640,542	646,098	929,568	948,776	1,125,471	1,212,812	1,113,052	1,172,068	1,283,390	1,184,990
Culture and recreation.....	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933	2,129,813	2,294,558	2,147,386	1,571,687
Pension and fringe benefits.....	17,687,715	-	-	-	-	-	-	-	-	-
State and county charges.....	519,199	-	-	-	-	-	-	-	-	-
Community Preservation.....	266,799	-	286,425	59,513	2,480	721,633	155,246	130,760	224,085	669,199
Interest.....	648,430	565,702	925,853	415,187	651,163	566,494	994,681	2,879,164	2,734,823	2,504,115
Total government activities expenses.....	<u>70,822,661</u>	<u>68,997,236</u>	<u>71,285,608</u>	<u>73,886,621</u>	<u>77,418,565</u>	<u>81,114,193</u>	<u>79,073,761</u>	<u>84,977,149</u>	<u>93,087,879</u>	<u>93,925,311</u>
<b>Business-type activities:</b>										
Water.....	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201	2,664,045	3,755,045	3,545,095	3,468,124
Sewer.....	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252	3,188,094	2,935,172	2,768,239	2,606,647
Transfer Station.....	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911	953,805	1,228,775	1,053,676	1,069,578
Widow's Walk Golf Course.....	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694	1,004,683	1,101,808	1,028,660	968,417
Waterways.....	859,709	911,562	971,278	934,540	861,637	837,378	896,952	1,401,768	1,112,560	777,253
Total business-type activities expenses.....	<u>8,614,108</u>	<u>9,048,002</u>	<u>8,931,004</u>	<u>8,524,913</u>	<u>8,278,148</u>	<u>7,600,436</u>	<u>8,707,579</u>	<u>10,422,568</u>	<u>9,508,230</u>	<u>8,890,019</u>
Total primary government expenses.....	<u>\$ 79,436,769</u>	<u>\$ 78,045,238</u>	<u>\$ 80,216,612</u>	<u>\$ 82,411,534</u>	<u>\$ 85,696,713</u>	<u>\$ 88,714,629</u>	<u>\$ 87,781,340</u>	<u>\$ 95,399,717</u>	<u>\$ 102,596,109</u>	<u>\$ 102,815,330</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Education charges for services.....	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243	\$ 1,953,724	\$ 2,110,824	\$ 2,251,687	\$ 2,470,152
Public works charges for services.....	40,441	1,385,721	21,373	132,668	497,826	590,965	654,143	660,659	670,351	733,935
Culture and recreation charges for services.....	455,492	588,397	392,099	429,036	408,533	401,894	435,018	434,336	447,629	501,107
Other charges for services.....	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181	3,032,230	3,387,990	3,152,396	3,573,853
Operating grants and contributions.....	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683	13,015,067	16,097,906	24,218,440	19,742,143
Capital grant and contributions.....	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565	4,496,678	7,304,433	13,532,885	3,745,605
Total government activities program revenues.....	<u>20,134,342</u>	<u>23,120,244</u>	<u>21,179,380</u>	<u>22,882,624</u>	<u>21,279,589</u>	<u>23,386,531</u>	<u>23,586,860</u>	<u>29,996,148</u>	<u>44,273,388</u>	<u>30,766,795</u>
<b>Business-type activities:</b>										
Charges for services - water.....	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697	4,160,555	4,680,171	4,112,668	3,620,450
Charges for services - sewer.....	2,385,755	1,602,906	1,643,983	1,682,559	1,778,510	1,732,988	1,386,987	2,096,817	2,069,025	2,035,828
Charges for services - transfer station.....	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259	1,202,974	1,168,672	1,105,277	1,259,774
Charges for services - Widow's Walk golf course.....	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170	1,255,771	1,350,468	1,111,370	1,098,286
Charges for services - waterways.....	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067	1,043,816	1,119,575	1,182,537	1,165,960
Operating grants and contributions.....	611,006	132,208	35,300	16,237	1,725	238,088	213,160	184,361	137,679	69,760
Capital grant and contributions.....	-	571,042	1,309,128	692,556	188,126	6,430,626	688,590	480,722	-	-
Total business-type activities program revenues.....	<u>9,169,219</u>	<u>8,147,971</u>	<u>9,095,093</u>	<u>8,639,351</u>	<u>8,450,983</u>	<u>14,269,895</u>	<u>9,951,853</u>	<u>11,080,786</u>	<u>9,718,556</u>	<u>9,250,058</u>
Total primary government program revenues.....	<u>\$ 29,303,561</u>	<u>\$ 31,268,215</u>	<u>\$ 30,274,473</u>	<u>\$ 31,521,975</u>	<u>\$ 29,730,572</u>	<u>\$ 37,656,426</u>	<u>\$ 33,538,713</u>	<u>\$ 41,076,934</u>	<u>\$ 53,991,944</u>	<u>\$ 40,016,853</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)	\$ (55,486,901)	\$ (54,981,001)	\$ (48,814,491)	\$ (63,158,516)
Business-type activities.....	555,111	(900,031)	164,089	114,438	172,835	6,669,459	1,244,274	658,218	210,326	360,039
Total primary government net expense.....	<u>\$ (50,133,208)</u>	<u>\$ (46,777,023)</u>	<u>\$ (49,942,139)</u>	<u>\$ (50,889,559)</u>	<u>\$ (55,966,141)</u>	<u>\$ (51,058,203)</u>	<u>\$ (54,242,627)</u>	<u>\$ (54,322,783)</u>	<u>\$ (48,604,165)</u>	<u>\$ (62,798,477)</u>
<b>General Revenues and other</b>										
<b>Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148	\$ 51,463,244	\$ 57,633,851	\$ 60,149,945	\$ 61,860,468
Motor vehicle and other excise taxes.....	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956	3,026,616	3,198,586	3,357,113	3,499,736
Community preservation taxes.....	-	-	992,107	1,070,846	1,105,543	1,158,916	1,201,728	1,355,633	1,428,997	1,488,590
Penalties and interest on taxes.....	413,014	367,174	465,049	535,272	447,439	640,163	446,774	487,036	523,966	408,710
Payments in lieu of taxes.....	-	-	-	-	-	-	19,601	20,370	19,907	16,798
Grants and contributions not restricted to specific programs.....	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158	1,938,534	2,305,361	2,279,401	2,419,774
Unrestricted investment income.....	339,229	188,874	102,462	74,257	55,527	88,567	186,336	611,498	542,053	528,030
Gain on sale of capital assets.....	-	-	32,277	32,690	-	-	-	-	-	206,432
Miscellaneous.....	3,441	-	219,218	284,355	576,098	679,700	311,551	71,543	119,997	324,069
Transfers.....	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)	(111,635)	71,426	136,396	238,395
Total governmental activities.....	<u>46,610,134</u>	<u>46,724,820</u>	<u>49,446,573</u>	<u>52,670,989</u>	<u>54,482,396</u>	<u>57,297,369</u>	<u>58,482,749</u>	<u>65,755,304</u>	<u>68,557,775</u>	<u>70,989,002</u>
<b>Business-type activities:</b>										
Boat excise taxes.....	n/a	n/a	43,153	41,136	36,042	39,821	40,363	40,695	39,761	40,378
Tax liens.....	-	-	-	-	-	-	42,128	57,333	77,800	18,293
Unrestricted investment income.....	-	-	-	-	-	-	25,962	66,569	89,895	116,654
Transfers.....	274,219	249,436	105,159	69,231	41,469	57,239	111,635	(71,426)	(136,396)	(238,395)
Total business-type activities.....	<u>274,219</u>	<u>249,436</u>	<u>148,312</u>	<u>110,367</u>	<u>77,511</u>	<u>97,060</u>	<u>220,078</u>	<u>93,171</u>	<u>71,060</u>	<u>(63,070)</u>
Total primary government.....	<u>\$ 46,884,353</u>	<u>\$ 46,974,256</u>	<u>\$ 49,594,885</u>	<u>\$ 52,781,356</u>	<u>\$ 54,559,907</u>	<u>\$ 57,394,429</u>	<u>\$ 58,702,827</u>	<u>\$ 65,848,475</u>	<u>\$ 68,628,835</u>	<u>\$ 70,925,932</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)	\$ 2,995,848	\$ 10,774,303	\$ 19,743,284	\$ 7,830,486
Business-type activities.....	829,330	(650,595)	312,401	224,805	250,346	6,766,519	1,464,352	751,389	281,386	296,969
Total primary government.....	<u>\$ (3,248,855)</u>	<u>\$ 197,233</u>	<u>\$ (347,254)</u>	<u>\$ 1,891,797</u>	<u>\$ (1,406,234)</u>	<u>\$ 6,336,226</u>	<u>\$ 4,460,200</u>	<u>\$ 11,525,692</u>	<u>\$ 20,024,670</u>	<u>\$ 8,127,455</u>

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

(1) Reflects the implementation of GASB Statement #75.

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved.....	\$ 979,933	\$ 1,961,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	626,910	1,715,555	-	-	-	-	-	-	-	-
Restricted.....	-	-	86,767	86,767	454,518	530,298	5,649,548	501,782	510,884	510,884
Committed.....	-	-	-	327,128	959,038	1,936,899	2,083,919	2,547,389	3,255,428	5,501,817
Assigned.....	-	-	1,260,786	1,255,617	1,308,703	1,025,883	1,662,421	949,163	1,360,521	912,493
Unassigned.....	-	-	5,276,801	6,863,867	6,645,152	6,966,806	6,646,114	7,701,937	8,486,498	6,427,923
<b>Total general fund.....</b>	<b>\$ 1,606,843</b>	<b>\$ 3,677,039</b>	<b>\$ 6,624,354</b>	<b>\$ 8,533,379</b>	<b>\$ 9,367,411</b>	<b>\$ 10,459,886</b>	<b>\$ 16,042,002</b>	<b>\$ 11,700,271</b>	<b>\$ 13,613,331</b>	<b>\$ 13,353,117</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 11,732,402	\$ 9,362,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	2,325,982	2,841,657	-	-	-	-	-	-	-	-
Capital projects funds.....	(1,415,510)	(1,661,998)	-	-	-	-	-	-	-	-
Permanent funds.....	1,216,002	402,398	-	-	-	-	-	-	-	-
Nonspendable.....	-	-	27,051	27,051	27,051	27,051	27,051	27,051	27,051	27,051
Restricted.....	-	-	11,925,417	14,708,235	17,065,311	15,336,177	81,168,008	67,934,831	27,684,536	21,872,899
Unassigned.....	-	-	-	(851,672)	(177,208)	(144,534)	(3,418)	-	(4,749,946)	(4,772,426)
<b>Total all other governmental funds...</b>	<b>\$ 13,858,876</b>	<b>\$ 10,944,816</b>	<b>\$ 11,952,468</b>	<b>\$ 13,883,614</b>	<b>\$ 16,915,154</b>	<b>\$ 15,218,694</b>	<b>\$ 81,191,641</b>	<b>\$ 67,961,882</b>	<b>\$ 22,961,641</b>	<b>\$ 17,127,524</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**

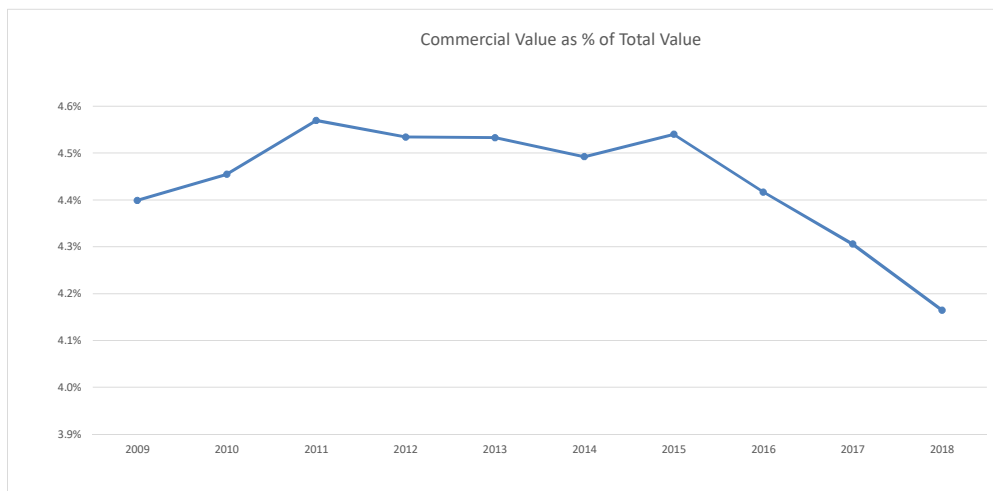
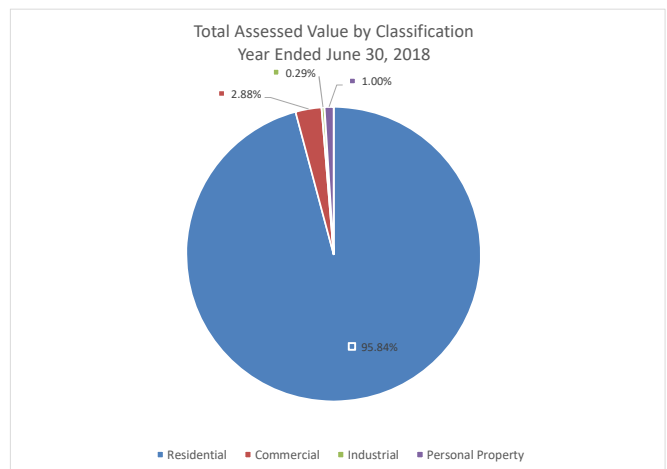
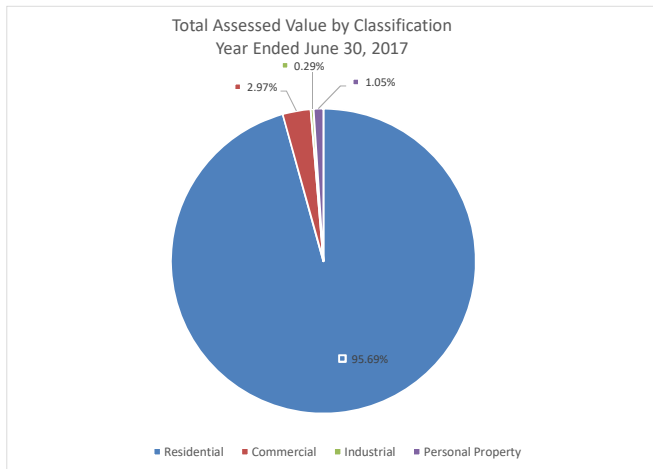
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979	\$ 51,176,629	\$ 57,169,767	\$ 59,718,484	\$ 61,421,377
Tax liens.....	-	-	-	-	-	-	415,491	472,610	488,116	314,720
Motor vehicle and other excise taxes.....	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763	3,025,388	3,188,658	3,350,152	3,190,904
Meals tax.....	-	-	-	-	-	-	-	-	-	261,318
Penalties and interest.....	413,014	367,174	420,610	498,556	351,965	403,063	422,000	451,408	483,632	436,937
Fees.....	-	139,064	197,399	204,034	1,338,592	419,408	504,848	547,967	526,908	353,052
Licenses and permits.....	490,717	515,326	707,500	715,175	880,443	812,414	812,387	932,531	937,395	982,280
Fines and forfeitures.....	80,288	131,502	103,033	80,716	95,779	99,660	68,513	76,842	100,863	44,011
Intergovernmental.....	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358	18,044,124	25,491,847	40,191,793	24,962,762
Departmental and other.....	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874	5,066,629	5,221,152	5,184,107	6,121,907
Community Preservation surtax.....	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312	1,203,127	1,355,659	1,431,186	1,487,827
Contributions.....	449,298	434,265	145,106	122,159	197,296	170,014	696,070	540,353	423,760	458,024
Investment income.....	367,970	188,874	123,988	91,962	76,516	110,983	186,336	611,498	542,053	526,030
<b>Total Revenues.....</b>	<b>67,126,530</b>	<b>70,375,039</b>	<b>70,179,223</b>	<b>76,054,996</b>	<b>75,592,664</b>	<b>80,276,828</b>	<b>81,621,542</b>	<b>96,060,292</b>	<b>113,378,449</b>	<b>100,561,149</b>
<b>Expenditures:</b>										
General government.....	2,968,861	4,682,436	3,401,320	3,320,198	2,771,675	3,165,334	3,698,541	4,623,030	5,542,407	4,111,036
Public safety.....	7,250,293	6,244,803	7,170,482	7,828,098	8,041,331	7,994,485	9,040,139	8,470,823	8,993,964	9,275,776
Education.....	31,838,239	28,627,013	31,902,376	34,919,094	35,331,405	37,517,551	38,165,191	39,023,838	40,319,297	41,818,256
Public works.....	4,557,339	4,154,357	3,166,808	2,416,924	4,200,037	3,412,676	4,488,000	4,280,588	4,141,093	4,886,881
Human services.....	667,759	489,723	490,552	499,515	618,433	712,977	800,743	836,664	892,884	943,859
Culture and recreation.....	1,675,681	1,668,374	1,388,571	1,425,568	1,494,656	1,533,887	1,535,932	1,711,110	1,413,092	966,689
Community preservation.....	173,066	1,005,553	286,425	59,513	2,480	721,633	126,257	81,681	130,627	523,953
Pension benefits.....	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	8,032,901	10,521,634	13,067,450	13,760,983
Employee benefits.....	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426	5,757,387	6,080,414	6,519,284	6,988,176
State and county charges.....	519,199	547,726	520,678	472,015	445,762	476,139	499,806	561,038	690,039	698,143
Capital outlay.....	1,645,315	6,680,329	3,643,219	4,979,559	3,521,008	6,325,715	9,252,829	31,225,154	70,717,211	16,289,170
Debt service:										
Principal.....	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879	1,581,856	4,459,856	4,423,512	4,302,159
Principal - current refunding.....	-	-	-	-	-	-	4,818,188	564,514	-	-
Interest.....	663,957	692,885	771,919	579,727	488,798	584,080	533,531	2,835,437	3,285,814	3,237,379
<b>Total Expenditures.....</b>	<b>67,447,507</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>	<b>115,275,781</b>	<b>160,136,674</b>	<b>107,802,460</b>
Excess (deficiency) of revenues over (under) expenditures.....	(320,977)	(594,418)	366,272	2,031,901	504,041	(786,683)	(6,709,759)	(19,215,489)	(46,758,225)	(7,241,311)
<b>Other Financing Sources (Uses):</b>										
Issuance from bonds and notes.....	-	-	3,245,470	1,859,021	3,403,000	-	68,258,000	-	3,500,000	500,000
Issuance from refunding bonds.....	-	-	-	-	-	-	4,205,000	529,100	-	-
Premium from issuance of bonds and notes.....	-	-	148,644	18,480	-	-	5,300,269	-	34,648	202,153
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	613,188	35,414	-	-
Capital lease financing.....	-	-	-	-	-	239,937	-	1,008,059	-	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-	-	-	-	206,432
Transfers in.....	700,000	-	1,691,667	932,770	940,174	1,814,552	2,131,049	7,492,109	1,442,237	1,871,866
Transfers out.....	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)	(2,242,684)	(7,420,683)	(1,305,841)	(1,633,471)
<b>Total other financing sources (uses).....</b>	<b>(274,218)</b>	<b>3,365,070</b>	<b>3,288,955</b>	<b>1,808,270</b>	<b>3,361,531</b>	<b>182,698</b>	<b>78,264,822</b>	<b>1,643,999</b>	<b>3,671,044</b>	<b>1,146,980</b>
<b>Net change in fund balance.....</b>	<b>\$ (595,195)</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>	<b>\$ (17,571,490)</b>	<b>\$ (43,087,181)</b>	<b>\$ (6,094,331)</b>
Debt service as a percentage of noncapital expenditures.....	3.55%	3.39%	3.38%	2.98%	2.66%	3.15%	8.77%	9.35%	8.62%	8.24%

**Notes:**

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

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2009	\$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	\$3,610,700,846	\$12.34	\$127,007,544	\$5,181,100	\$39,308,800	\$171,497,444	\$12.34	4.5%	\$ 12.34	\$3,782,198,290
2013	\$3,608,700,390	\$12.72	\$126,075,000	\$5,181,100	\$40,087,220	\$171,343,320	\$12.72	4.5%	\$ 12.72	\$3,780,043,710
2014	\$3,654,706,380	\$13.05	\$125,105,420	\$9,112,700	\$37,686,890	\$171,905,010	\$13.05	4.5%	\$ 13.05	\$3,826,611,390
2015	\$3,763,130,865	\$13.10	\$125,426,835	\$12,415,000	\$41,124,550	\$178,966,385	\$13.10	4.5%	\$ 13.10	\$3,942,097,250
2016	\$3,901,948,229	\$14.14	\$126,200,871	\$12,415,000	\$41,692,030	\$180,307,901	\$14.14	4.4%	\$ 14.14	\$4,082,256,130
2017	\$4,091,047,873	\$14.09	\$126,931,317	\$12,397,200	\$44,743,570	\$184,072,087	\$14.09	4.3%	\$ 14.09	\$4,275,119,960
2018	\$4,258,651,412	\$13.95	\$127,874,848	\$12,738,600	\$44,453,220	\$185,066,668	\$13.95	4.2%	\$ 13.95	\$4,443,718,080



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

The Town is not subject to any overlapping revenue rates.

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



**Principal Taxpayers**

**Current Year and Nine Years Ago**

Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bay State Gas Company	Utility	\$ 15,402,330	1	0.35%	\$ 8,232,630	3	0.20%
Massachusetts Electric Company	Utility	10,890,320	2	0.25%			
Abbott P M/Chamberlain Management	Real Estate	7,844,100	3	0.18%	8,581,400	2	0.21%
Kent Village Associates	Housing	5,726,100	4	0.13%	5,983,100	6	0.15%
Scituate Solar, LLC	Real Estate	5,449,600	5	0.12%			
Suburban Realty Trust	Residential	4,650,100	6	0.10%	4,277,800	8	0.11%
Comcast of Massachusetts	Utility	4,645,890	7	0.10%			
South Shore Real Estate	Real Estate	4,194,200	8	0.09%			
Hatherly Country Club	Country Club	3,715,190	9	0.08%	3,993,630	9	0.10%
Herring Brook	Real Estate	3,460,100	10	0.08%			
Verizon New England Inc.	Utility				9,256,500	1	0.23%
National Grid	Utility				7,373,170	4	0.18%
Harborside Village Inc.	Mobile Homes				6,337,300	5	0.16%
HCRI Massachusetts Property Inc., Trust	Nursing Home				5,166,400	7	0.13%
Herring Brook Ltd Partnership	Education				3,986,200	10	0.10%
<b>Totals \$</b>		<u>65,977,930</u>		<u>1.48%</u>	<u>\$ 63,188,130</u>		<u>1.57%</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
2009	\$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	\$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013	\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$543,692	\$47,426,272	98.93%
2014	\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$466,423	\$49,528,766	99.41%
2015	\$51,671,474	\$112,627	\$51,558,847	99.78%	\$50,540,571	98.03%	\$449,771	\$50,990,342	98.90%
2016	\$57,723,102	\$275,943	\$57,447,159	99.52%	\$56,591,303	98.51%	\$593,285	\$57,184,588	99.54%
2017	\$60,236,440	\$250,001	\$59,986,439	99.58%	\$59,115,718	98.55%	\$588,786	\$59,704,504	99.53%
2018	\$61,989,867	\$249,617	\$61,740,250	99.60%	\$60,833,576	98.53%	\$0	\$60,833,576	98.53%



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

# **Ratios of Outstanding Debt by Type**

**Last Ten Years**

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases				
2009	\$ 14,585,568	\$ -	\$ 29,467,207	\$ 166,190	\$ 44,218,965	5.79%	18,313	\$ 2,415
2010	16,829,570	-	30,117,542	134,305	47,081,417	5.75%	18,297	2,573
2011	14,878,322	-	31,721,353	116,999	46,716,674	5.38%	17,985	2,598
2012	15,263,015	-	30,443,774	65,028	45,771,817	5.07%	18,234	2,510
2013	17,252,157	-	33,747,274	70,717	51,070,148	5.45%	18,648	2,739
2014	15,484,278	206,248	30,557,908	91,624	46,340,058	4.77%	18,847	2,459
2015	87,553,879	176,890	42,946,188	127,924	130,804,881	12.96%	18,847	6,940
2016	82,697,642	1,036,495	38,750,175	156,270	122,640,582	11.71%	18,535	6,617
2017	81,273,722	789,204	34,867,935	140,265	117,071,126	10.77%	18,515	6,323
2018	76,996,618	686,572	31,372,085	93,995	109,149,270	9.67%	18,760	5,818

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

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

Source: Audited Financial Statements, U. S. Census

# **Ratios of General Bonded Debt Outstanding**

**Last Ten Years**

<b>Year</b>	<b>General Obligation Bonds (1)</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (2)</b>	<b>Per Capita (3)</b>
2009	\$ 44,052,775	\$ -	\$ 44,052,775	1.05%	\$ 2,406
2010	46,947,112	-	46,947,112	1.18%	2,566
2011	46,599,675	-	46,599,675	1.21%	2,591
2012	45,706,789	-	45,706,789	1.21%	2,507
2013	50,999,431	-	50,999,431	1.35%	2,735
2014	46,042,186	-	46,042,186	1.20%	2,443
2015	130,500,067	-	130,500,067	3.31%	6,924
2016	121,447,817	-	121,447,817	2.98%	6,552
2017	116,141,657	-	116,141,657	2.72%	6,273
2018	108,368,703	-	108,368,703	2.44%	5,777

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

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

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

Source: Audited Financial Statements, U. S. Census

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<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.....\$	1,650,000	6.05%	\$ 99,825
Massachusetts Bay Transportation Authority.....	5,099,190,000	0.076%	3,875,384
South Shore Regional Vocational Technical School District (SSRSD).....	460,000	7.58%	<u>34,868</u>
Estimated share of overlapping debt.....			4,010,077
Town direct debt.....			<u>76,996,618</u>
Total direct and overlapping debt.....			<u>\$ 81,006,695</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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	\$ 4,575,033,600	\$ 4,326,753,800	\$ 4,326,753,800	\$ 4,137,906,200	\$ 4,137,906,200	\$ 4,103,767,600	\$ 4,103,767,600	\$ 4,433,619,600	\$ 4,433,619,600	\$ 4,819,519,000
Debt Limit -5% of Equalized Valuation.....	\$ 228,751,680	\$ 216,337,690	\$ 216,337,690	\$ 206,895,310	\$ 206,895,310	\$ 205,188,380	\$ 205,188,380	\$ 221,680,980	\$ 221,680,980	\$ 240,975,950
Less:										
Outstanding debt applicable to limit.....	44,052,776	40,378,637	46,445,430	42,612,765	50,875,921	34,685,631	52,276,219	47,277,578	46,005,123	41,854,755
Authorized and unissued debt.....	20,793,525	25,765,797	18,003,396	18,198,557	6,072,096	11,247,288	71,060,704	44,925,917	31,849,339	33,569,914
Legal debt margin.....	\$ 163,905,379	\$ 150,193,256	\$ 151,888,864	\$ 146,083,988	\$ 149,947,293	\$ 159,255,461	\$ 81,851,457	\$ 129,477,485	\$ 143,826,518	\$ 165,551,281
Total debt applicable to the limit as a percentage of the limit.....	28.35%	30.57%	29.79%	29.39%	27.53%	22.39%	60.11%	41.59%	35.12%	31.30%

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
2009	18,313	\$ 763,419,000	\$ 42,101	45	3,247	6.70%
2010	18,297	819,169,000	45,176	45	3,277	7.00%
2011	17,985	869,098,000	47,824	45	3,286	5.70%
2012	18,234	902,123,724	49,475	45	3,276	5.30%
2013	18,648	936,404,426	50,215	45	3,286	5.70%
2014	18,847	971,987,794	51,573	45	3,122	5.20%
2015	18,847	1,008,923,330	53,532	45	3,097	4.50%
2016	18,535	1,047,262,416	56,502	48	3,094	2.50%
2017	18,515	1,087,058,388	58,712	55	3,005	4.10%
2018	18,760	1,128,366,607	60,147	57	2,988	3.50%

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**

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Scituate	Municipal Government	1,230	1	12.85%	1,191	1	12.43%
Life Care Center	Nursing Home	185	2	1.93%	135	2	1.41%
Scituate Marketplace	Supermarket				120	3	1.25%
Total		<u>1,415</u>		<u>14.78%</u>	<u>1,446</u>		<u>15.09%</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government.....	26	26	26	28	28	30	31	32	34	35
Police.....	38	35	35	33	33	33	34	35	35	35
Fire.....	57	53	52	53	53	53	53	55	55	55
Education.....	412	388	365	376	379	396	466	455	450	447
Water.....	13	12	11	12	12	12	13	14	14	14
Sewer.....	9	7	8	8	8	8	8	8	8	8
Solid waste.....	4	4	4	4	4	4	4	4	4	4
Public works.....	28	25	24	25	25	23	27	27	27	27
Human services.....	8	7	7	8	8	8	9	10	10	10
Culture and recreation.....	25	24	24	23	22	22	22	22	22	22
Total .....	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>	<u>667</u>	<u>662</u>	<u>659</u>	<u>657</u>

Source: Town personnel records and various Town departments.

## Operating Indicators by Function/Program

### Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Population.....	18,313	18,297	17,985	18,234	18,648	18,847	18,847	18,535	18,515	18,760
Registered voters, annual town election.....	13,121	12,924	13,048	13,827	13,941	13,961	14,170	14,117	14,629	14,517
Town Clerk										
Births.....	131	140	145	167	161	152	172	118	193	168
Marriages.....	68	49	54	74	78	70	56	63	72	69
Deaths.....	193	200	219	176	167	174	207	130	205	197
Police										
MV Accidents investigated by an officer.....	211	199	232	251	232	252	287	266	259	220
Citations issued.....	1,206	903	851	712	808	904	199	182	266	69
Arrests.....	411	395	382	285	290	314	241	248	265	197
Total Incidents.....	14,554	14,688	14,852	14,268	16,480	17,850	16,074	20,548	21,337	22,735
Fire										
Permits/certificate issued.....	1,175	1,015	1,015	942	1,289	1,228	1,270	1,080	958	888
False alarm.....	256	290	333	292	342	325	346	448	336	315
Fires.....	68	104	75	118	82	88	79	66	81	75
Rescue/EMS incidents.....	1,823	1,928	1,895	1,823	1,981	1,925	1,880	1,841	1,896	1,996
Total Incidents.....	2,735	2,846	2,986	2,928	3,256	2,963	3,017	3,140	3,075	3,564
Building Department										
Building permits issued.....	625	604	797	789	869	822	926	947	920	812
Gas & Plumbing permits issued.....	654	688	763	785	1,098	1,046	892	884	821	843
Electrical permits issued.....	540	554	589	606	814	844	648	762	669	726
Education										
Public school enrollment.....	3,247	3,277	3,286	3,276	3,286	3,122	3,097	3,094	3,005	2,988
High school graduates.....	189	174	175	208	206	185	205	215	236	227
Public Works										
Water										
Service connections.....	7,541	7,573	7,624	7,641	7,636	7,659	7,721	7,728	7,753	7,644
Consumption in millions of gallons.....	679	638	549	516	545	552	452	455	458	444
Daily consumption in millions of gallons.....	1.86	1.75	1.50	1.41	1.49	1.51	1.24	1.25	1.35	1.34
Highway										
Miles of public road.....	101	101	101	101	101	101	103	103	103	103
Human Services										
Board of Health										
Inspections.....	527	609	612	549	549	590	577	724	877	980
Sewage Permits.....	120	99	106	85	85	69	91	228	195	187
Council on Aging										
Total Rides .....	6,406	6,406	6,757	6,860	6,845	6,542	6,976	6,839	6,731	7,195
Library										
Circulation.....	285,866	273,484	279,607	262,136	250,194	236,357	243,490	219,942	216,767	252,705
Visitors.....	126,952	140,155	155,544	153,247	138,640	140,109	155,000	n/a	88,610	200,000
Volunteer hours of service.....	717	1,872	1,673	1,369	1,178	770	570	281	350	2,850

Source: Various Town Departments & annual reports

### Capital Asset Statistics by Function/Program

#### Last Ten Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	-
Fire *									
Number of stations.....	3	3	3	3	3	3	3	3	2
Public Safety Complex & Emerg Ops Ctr..									1
Education									
Number of elementary schools.....	4	4	4	4	4	4	4	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1
Public Works									
Number of wells.....	6	6	6	6	6	6	6	6	6
Number of water storage tanks.....	2	2	2	2	2	2	2	2	2
Number of pump stations.....	2	2	2	2	2	2	2	2	2
Human Services									
Senior center.....	1	1	1	1	1	1	1	1	1
Culture and Recreation									
Maritime Center.....	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1
Scituate Harbor Community Bldg.....	-	1	1	1	1	1	1	1	1

Source: Various Town Departments

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