

TOWN OF SCITUATE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the year ended
June 30, 2016**

On the cover: Scituate Public Safety Complex

The Town's new public safety complex broke ground in FY 2016 with an estimated opening date of March 2017. This complex will replace the existing police station and fire station #3. It will have an emergency operations center which will coordinate the emergency response to severe meteorological events and can also function as available meeting space for interested groups.



North Jetty Harbor

The Town is working with the Army Corps of Engineers to repair the damage to the North Jetty caused from intense winter storms.

*The Town of
Scituate, Massachusetts*



**Comprehensive
Annual Financial Report**

**For the Year Ended
June 30, 2016**

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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Introductory Section



Scituate Town Library Renovation

The renovation and addition to the Scituate Town Library broke ground in FY 2016. The \$12M project funded with grant money from the Massachusetts Board of Library Commissioners, private donations and taxpayer funds will be completed in March 2017. The library temporarily moved to the Scituate Harbor Community Building until the renovation is completed.

Introductory Section

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Letter of Transmittal

December 23, 2016

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, 2016 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, 2016 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, 2016 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 2016 lists the town's population as 18,535.

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.

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

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

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

Major Initiatives

The Board of Selectmen adopted a Master Facilities Plan in November of 2011 and created a Public Facilities Master Planning Committee in 2012 to assess the condition of the Town's aging facilities, assess the suitability of the buildings for current needs and provide recommendations for addressing the deficiencies. In FY 2014, the Town approved a \$22M water infrastructure project to replace approximately 21 miles of cast iron pipe. The first two phases of the project have been completed with the third phase currently underway. A \$12M library renovation project partially funded by a \$5M Massachusetts Board of Library Commissioners grant and private donations is

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

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

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

As a coastal community, the Town has dedicated significant resources to foreshore protection in supporting over \$16M in improvements over the last seven years. Funding for foreshore protection is included in the Town's operational budget as well as annually on its five year rolling capital plan. The Town has been successful in obtaining matching grants and low interest loans from the Massachusetts Seawall and Dam Repair Fund for seawall construction. The Town recognizes the complexity of foreshore protection and has successfully applied for several grants to study sea level rise, explore coastal resiliency options and priorities, elevate severe repetitive loss homes and utilities and obtain design and permitting funding for beach nourishment projects.

The Town dedicates operational budget and capital funds to roadway improvements. This includes creating trails with Community Preservation funding with 30% matching funds from the state, coordinating sewer and water projects so as not to waste resources on paving the same area repeatedly and utilizing Massachusetts Department of Transportation Chapter 90 funds for major repairs and drainage improvements to roads throughout Town. The Town was also successful in obtaining grants in the last two years to replace all of the self-contained breathing apparatus and portable radios for the fire department.

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, Workers Compensation Reserve and Other Postemployment Liability Trust Fund.

The Other Post Employment Liability Trust was established in 2011 and is funded at 2% of the annual pension assessment pursuant to the Town's financial policies. The Town created a Capital Stabilization Fund in 2012 to complement the Town's five year capital plan to address future capital needs and associated debt burden. This fund is a valuable tool for setting aside funds over several years to address costly projects identified on the five year rolling capital plan. In 2013, the Town approved an Economic Development Stabilization Fund to support initiatives to develop and foster commercial growth. Annually, the Town approves the transfer of excess levy capacity to the Stabilization Fund and allocates additional funds to its reserves as available. In the last five years, \$1.6M 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, 2015. This was the second 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,



Patricia A. Vinchesi
Town Administrator



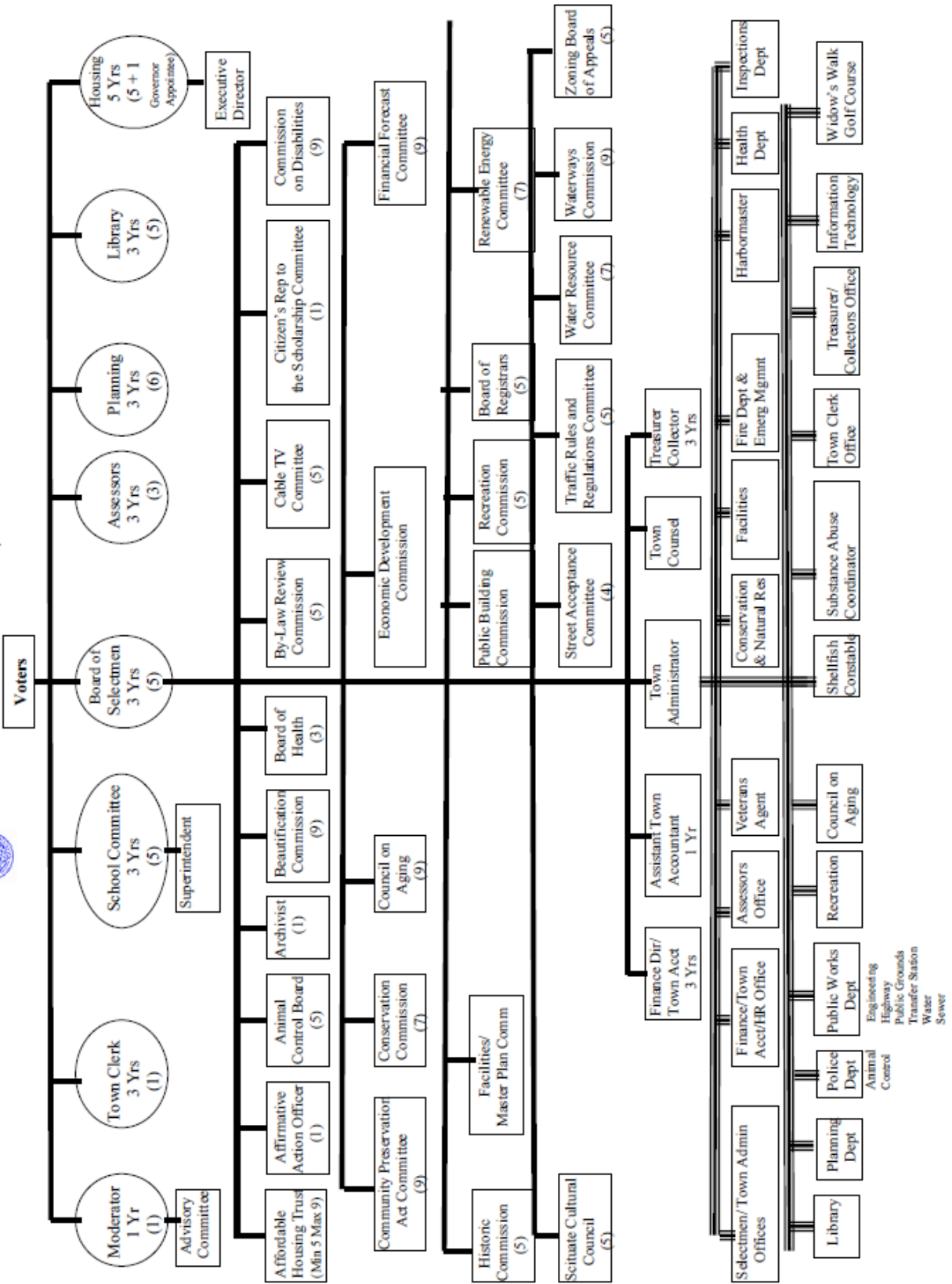
Nancy Holt
Finance Director/Town Accountant

Town of Scituate, Massachusetts

Principal Executive Officers

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Shawn Harris	2017
	John F. Danehey	2019
	Maura Curran	2018
	Martin J. O'Toole, Chair	2019
	Anthony V. Vegnani, Vice Chair	2017
Moderator	Richard P. Bowen	2016
Town Clerk	Kathleen A. Curran	2018
School Committee	Brenda Bowen	2017
	Janet Taylor, Chair	2017
	Michael T. Long, Vice Chair	2018
	Michael Hayes	2019
	Richard Hebert	2018
 <u>Appointed Officials</u>		
Town Administrator	Patricia A. Vinchesi	
Finance Director/Town Accountant	Nancy Holt	
Treasurer/Collector	Pamela J. Avitabile	
Director of Assessing	Stephen Jarzembowski	
Fire Chief	John P. Murphy	
Police Chief	W. Michael Stewart	
Director of Public Works	Kevin Cafferty	

TOWN OF SCITUATE, MA





Government Finance Officers Association

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

Presented to

**Town of Scituate
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section



Edward Foster Road Seawall

The Town's commitment to foreshore protection continued with the replacement of a section of seawall on Edward Foster Road. Funding for this \$1.3M section of seawall came from multiple sources. Additional sections of seawall along Oceanside Avenue have been designed and are in varying states of construction with the assistance of grants and low interest loans through the Commonwealth of Massachusetts' Dam and Seawall Repair Fund.

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Scituate, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Scituate, Massachusetts, as of and for the year ended June 30, 2016, 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, 2016, 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 23, 2016, 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 23, 2016

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, 2016. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Scituate's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$90.6 million at the close of 2016, which was an improvement in overall financial position of \$11.5 million from the prior year.

Net position of \$108.3 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$11.1 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 \$28.7 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 \$44.2 million at the close of 2016.

Governmental net position of \$74.5 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, \$11.1 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 \$41.3 million. The deficit is the result the Town recording its net pension liability of \$36.2 million along with the other postemployment benefits liability of \$26.8 million. These are long term unfunded liabilities that will not require significant short term resources. Unrestricted net position decreased by \$1.8 million. This was mainly due to the increase in the Town's OPEB liabilities which were offset by positive budgetary results in the general fund.

Condensed financial data for 2016 and 2015 is presented below.

Governmental Activities

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 94,075,374	\$ 104,034,350
Capital assets.....	106,094,587	78,774,449
Total assets.....	<u>200,169,961</u>	<u>182,808,799</u>
Deferred Outflows of Resources.....	<u>4,264,721</u>	<u>1,572,955</u>
Liabilities:		
Current liabilities (excluding debt).....	9,963,057	4,719,559
Noncurrent liabilities (excluding debt).....	63,472,130	58,499,540
Current debt.....	7,898,655	4,855,312
Noncurrent debt.....	78,635,482	82,875,457
Total liabilities.....	<u>159,969,324</u>	<u>150,949,868</u>
Deferred Inflows of Resources.....	<u>259,169</u>	<u>-</u>
Net Position:		
Net investment in capital assets.....	74,483,888	58,009,621
Restricted.....	11,052,873	14,966,255
Unrestricted.....	(41,330,572)	(39,543,990)
Total net position.....	<u>\$ 44,206,189</u>	<u>\$ 33,431,886</u>

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

Capital assets increased by \$27.3 million which is mainly due to the Town capitalizing \$14 million on the new middle school improvements, \$6.7 million on the Town's Public Safety Complex and \$4.1 million on the renovation of an existing library in 2016.

The Town recorded deferred outflows of resources totaling \$4.3 million, and deferred inflows of resources of \$153,000 related to pensions. The Town had an additional \$106,000 in deferred inflows of resources related to taxes paid in advance.

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for services.....	\$ 6,593,809	\$ 6,075,115
Operating grants and contributions.....	16,097,906	13,015,067
Capital grants and contributions.....	7,304,433	4,496,678
General Revenues:		
Real estate and personal property taxes.....	57,161,241	51,047,753
Tax liens.....	472,610	415,491
Motor vehicle and other excise taxes.....	3,198,586	3,026,616
Community preservation tax.....	1,355,633	1,201,728
Penalties and interest on taxes.....	487,036	446,774
Payments in lieu of taxes.....	20,370	19,601
Grants and contributions not restricted to specific programs.....	2,305,361	1,938,534
Unrestricted investment income.....	611,498	186,336
Miscellaneous.....	71,543	311,551
Total revenues.....	<u>95,680,026</u>	<u>82,181,244</u>
Expenses:		
General government.....	5,984,034	4,876,844
Public safety.....	12,078,310	13,092,547
Education.....	53,653,828	49,944,296
Public works.....	6,784,427	6,767,282
Human services.....	1,172,068	1,113,052
Culture and recreation.....	2,294,558	2,129,813
Community preservation.....	130,760	155,246
Interest.....	2,879,164	994,681
Total expenses.....	<u>84,977,149</u>	<u>79,073,761</u>
Excess before transfers.....	10,702,877	3,107,483
Transfers.....	<u>71,426</u>	<u>(111,635)</u>
Change in net position.....	10,774,303	2,995,848
Beginning net position.....	<u>33,431,886</u>	<u>30,436,038</u>
Ending net position.....	<u>\$ 44,206,189</u>	<u>\$ 33,431,886</u>

Capital grant revenue increased \$2.8 million due to the Town's ongoing construction projects. Of this increase, the Town received \$4.3 million more in reimbursements for the Massachusetts School Building Authority's share of the Middle School project; offset by a decrease of \$753,000 in revenue in the community preservation because of a one-time appropriation for land acquisition in the prior year; and a decrease of \$326,000 related to State reimbursements for highway improvements.

Business-type Activities

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 17,290,382	\$ 20,428,027
Noncurrent assets (excluding capital).....	9,302,348	10,489,323
Capital assets.....	<u>69,523,088</u>	<u>66,667,088</u>
Total assets.....	96,115,818	97,584,438
Deferred Outflows of Resources.....	<u>582,501</u>	<u>176,405</u>
Liabilities:		
Current liabilities (excluding debt).....	1,577,501	3,257,733
Noncurrent liabilities (excluding debt).....	6,877,325	5,784,233
Current debt.....	6,849,001	3,859,385
Noncurrent debt.....	<u>34,977,444</u>	<u>39,214,727</u>
Total liabilities.....	50,281,271	52,116,078
Deferred Inflows of Resources.....	<u>20,894</u>	<u>-</u>
Net Position:		
Net investment in capital assets.....	33,793,072	30,168,211
Unrestricted.....	<u>12,603,082</u>	<u>15,476,554</u>
Total net position.....	\$ <u>46,396,154</u>	\$ <u>45,644,765</u>

At the end of the current year, the Town reports \$46.4 million in net position for its combined business-type activities. Of this balance, \$33.8 million reflects the Town's investment in capital assets of the enterprise funds less debt outstanding related to the construction of those assets.

The net investment in capital assets increased by \$3.6 million due to the Town's ongoing water main improvement and replacement project.

Noncurrent debt decreased by \$4.2 million due to the Town issuing refunding bonds in 2016 and \$2 million in principal payments. Current debt increased by \$3 million due to the Town's issuance of short term notes.

The Town recorded deferred outflows of resources totaling \$583,000, and deferred inflows of resources of \$21,000 related to pensions for business-type activities.

	<u>2016</u>	<u>2015</u>
Program Revenues:		
Charges for services.....	\$ 10,415,703	\$ 9,050,103
Operating grants and contributions.....	184,361	213,160
Capital grants and contributions.....	480,722	688,590
General Revenues:		
Tax liens.....	57,333	42,128
Motor vehicle and other excise taxes.....	40,695	40,363
Unrestricted investment income.....	66,569	25,952
Total revenues.....	<u>11,245,383</u>	<u>10,060,296</u>
Expenses:		
Water.....	3,755,045	2,664,045
Sewer.....	2,935,172	3,188,094
Transfer station.....	1,228,775	953,805
Widows Walk golf course.....	1,101,808	1,004,683
Waterways.....	1,401,768	896,952
Total expenses.....	<u>10,422,568</u>	<u>8,707,579</u>
Excess before transfers.....	822,815	1,352,717
Transfers.....	<u>(71,426)</u>	<u>111,635</u>
Change in net position.....	751,389	1,464,352
Beginning net position.....	<u>45,644,765</u>	<u>44,180,413</u>
Ending net position.....	<u>\$ 46,396,154</u>	<u>\$ 45,644,765</u>

There was a net increase of \$751,000 in net position reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Net Position:			
Water.....	\$ 11,258,620	\$ 10,572,319	\$ 686,301
Sewer.....	29,229,354	29,365,477	(136,123)
Transfer station.....	446,099	269,949	176,150
Widows Walk golf course.....	1,045,178	839,146	206,032
Waterways.....	4,416,903	4,597,874	(180,971)
Total Net Position.....	<u>\$ 46,396,154</u>	<u>\$ 45,644,765</u>	<u>\$ 751,389</u>

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

The water enterprise fund reported an increase in net position of \$686,000. This was partly due to a recent increase in water rates.

The sewer enterprise fund reported a decrease in net position of \$136,000 compared to a \$1.1 million decrease in fiscal year 2015. This is primarily due to a reduction in expenditures over fiscal year 2015 which allowed additional operational budget funding to address infrastructure repairs.

The transfer station fund reported an increase of \$176,000 in net position. Transfer station revenue was consistent with the prior year. The fund had an increase in expenditures for repairs and maintenance and hauling costs.

The Widow's Walk golf course fund reported a \$206,000 increase in net position. The increase is primarily attributable to current rates being set to raise revenue to support \$375,000 of debt principal payments and not set to raise revenue to support \$202,000 of non-cash depreciation expense.

The waterway's enterprise fund reported a \$181,000 decrease in net position. The decrease is primarily attributable to Waterway's debt principal payments of \$325,000, along with an increase in the net pension expense.

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 \$79.7 million, which is comprised of \$11.7 million in the general fund, \$8.3 million in the community preservation fund, \$756,000 in the affordable housing fund, \$8.8 million in Town capital projects, \$39.8 million in Middle School construction, and \$10.3 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$17.6 million in fund balances from the prior year.

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$7.7 million, restricted fund balance was \$502,000, committed fund balance was \$2.5 million, and assigned fund balance was \$949,000 while total fund balance was \$11.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.8% of total general fund budgetary expenditures, while total fund balance represents 14.8% of that same amount.

The fund balance of the general fund decreased by \$4.3 million. The general fund had positive budgetary results where actual revenues exceeded the budget and actual expenditures were less than budgeted. These positive results were offset by the use of \$5.1 million in prior year debt premium reserves to fund capital projects. The budgetary results led to a decrease in fund balance of \$4.4 million. In addition, the Town reports the activity of the Stabilization and Workers Compensation Funds with the General Fund in the fund based financial statements. The Stabilization Fund and Worker's Compensation Fund reported year end balances of approximately \$3.3 million and \$502,000, respectively.

The Town reports restricted fund balance in the general fund which includes \$502,000 for the Worker's Compensation Fund.

The *Community Preservation Fund* had a fund balance at year-end of \$8.3 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 \$735,000 in 2016. The change in fund balance is entirely dependent on the timing of the planned use of accumulated revenues for the projects authorized.

The *Affordable Housing Fund* had a fund balance at year-end of \$756,000. This fund experienced a low level of activity in the current year. This program endeavors to create more affordable housing options.

The *Town Capital Projects Fund* had a year end fund balance of \$8.8 million. Included in this fund is the Public Safety Complex project which the Town passed, by ballot vote, through an override of Proposition 2½ allowing building construction totaling \$16.2 million. During 2016, the fund balance decreased by \$6.8 million which was primarily due to an increase of \$6.5 million in expenditures. The majority of the expenditures were used for the construction of the public safety complex, an energy savings project, and renovation of the library.

The *Middle School Construction Fund* was established after the Town passed, by special election, an override of Proposition 2½ allowing the construction of a new middle school totaling \$61.6 million. The Town has been approved to receive assistance from the Massachusetts School Building Authority (MSBA) for 44.06% of eligible construction costs. The Middle School Construction Fund fund balance totaled \$39.8 million in 2016. This was the result of the Town receiving \$5.3 million in reimbursements from the MSBA; offset with construction costs totaling \$14 million.

General Fund Budgetary Highlights

The original 2016 operating budget totaled \$76.5 million and consisted of \$73.2 million in appropriations and \$3.3 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 \$5.1 million of premium reserve to fund capital projects, and \$1.2 million from available funds to fund the stabilization fund to cover costs associated with unprecedented weather events in 2016. The final budget included the use of free cash (available fund balance) totaling \$2.4 million. Actual revenues came in over budget by approximately \$1.8 million, and actual expenditures came in under budget by approximately \$4.5 million. Of this balance, the Town reserved \$3.5 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 2016 includes additions in construction in progress of \$14 million for the middle school project, \$6.7 million for the Public Safety Complex, \$4.1 million for the library, \$222,000 for the Country Way Trail project; \$793,000 for machinery and equipment, \$4 million in infrastructure, \$1.2 million in vehicles, and \$675,000 in other projects. During 2016, the Town put in service and removed from construction in progress \$25 million in projects.

The Town's 2016 business-type capital asset activity includes \$5.3 million of infrastructure additions which primarily relate to water infrastructure. \$752,000 of infrastructure additions are from completed projects moved

out of construction in progress. The Town also added \$520,000 in new construction in progress for water infrastructure.

During 2016, the Town issued \$3.8 million in long-term debt all of which were refunding bonds. \$529,000 was for governmental activities, \$353,000 was for the water enterprise fund, \$1.3 million was for the sewer enterprise fund, and \$1.6 million was for the waterways enterprise fund. The transaction resulted in a reduction of \$500,553 in future debt service payments.

Outstanding governmental long-term debt, as of June 30, 2016, totaled \$77.1 million, of which approximately \$52.9 million relates to various school construction projects, \$14.4 million relates to the public safety complex, \$4.5 million relates to the library, \$2.4 million relates to energy saving projects, and \$2.9 million relates other various projects and equipment.

The enterprise funds long-term debt totaled \$38.8 million at year end; comprised of \$18.7 million in water debt, \$17 million in sewer debt, \$60,000 in transfer station debt, \$375,000 in Widow's Walk golf course debt, and \$2.5 million in waterways debt. Approximately \$900,000 of the sewer debt is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT).

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2016

	<u>Primary Government</u>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 86,816,485	\$ 13,534,969	\$ 100,351,454
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,100,952	-	1,100,952
Tax liens.....	907,550	127,775	1,035,325
Motor vehicle and other excise taxes.....	201,528	-	201,528
User fees.....	-	2,535,506	2,535,506
Departmental and other.....	165,434	-	165,434
Special assessments.....	200,581	743,646	944,227
Intergovernmental.....	4,305,468	316,194	4,621,662
Tax foreclosures.....	377,376	-	377,376
Inventory.....	-	32,292	32,292
Total current assets.....	94,075,374	17,290,382	111,365,756
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	8,654,070	8,654,070
Intergovernmental.....	-	648,278	648,278
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	50,854,045	4,289,257	55,143,302
Depreciable.....	55,240,542	65,233,831	120,474,373
Total noncurrent assets.....	106,094,587	78,825,436	184,920,023
TOTAL ASSETS.....	200,169,961	96,115,818	296,285,779
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension.....	4,264,721	582,501	4,847,222
LIABILITIES			
CURRENT:			
Warrants payable.....	6,680,160	807,922	7,488,082
Accrued liabilities.....	568,286	-	568,286
Accrued payroll.....	652,321	76,314	728,635
Accrued interest.....	960,723	461,810	1,422,533
Abandoned property.....	54,567	-	54,567
Other liabilities.....	-	83,655	83,655
Capital lease obligations.....	247,291	46,761	294,052
Landfill closure.....	-	65,000	65,000
Compensated absences.....	1,047,000	82,800	1,129,800
Notes payable.....	2,800,000	2,920,000	5,720,000
Bonds payable.....	4,851,364	3,882,240	8,733,604
Total current liabilities.....	17,861,712	8,426,502	26,288,214
NONCURRENT:			
Capital lease obligations.....	789,204	109,509	898,713
Landfill closure.....	-	917,000	917,000
Compensated absences.....	493,355	51,381	544,736
Net pension liability.....	36,214,439	4,946,379	41,160,818
Other postemployment benefits.....	26,764,336	962,565	27,726,901
Bonds payable.....	77,846,278	34,867,935	112,714,213
Total noncurrent liabilities.....	142,107,612	41,854,769	183,962,381
TOTAL LIABILITIES.....	159,969,324	50,281,271	210,250,595
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	106,190	-	106,190
Deferred inflows related to pension.....	152,979	20,894	173,873
TOTAL DEFERRED INFLOWS OF RESOURCES.....	259,169	20,894	280,063
NET POSITION			
Net investment in capital assets.....	74,483,888	33,793,072	108,276,960
Restricted for:			
Permanent funds:			
Nonexpendable.....	27,051	-	27,051
Expendable.....	516,281	-	516,281
Community preservation.....	8,328,537	-	8,328,537
Grants and Gifts.....	2,181,004	-	2,181,004
Unrestricted.....	(41,330,572)	12,603,082	(28,727,490)
TOTAL NET POSITION.....	\$ 44,206,189	\$ 46,396,154	\$ 90,602,343

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,984,034	\$ 1,610,414	\$ 568,803	\$ -	\$ (3,804,817)
Public safety.....	12,078,310	1,657,163	533,889	-	(9,887,258)
Education.....	53,653,828	2,110,824	14,281,251	5,295,595	(31,966,158)
Public works.....	6,784,427	660,659	419,437	601,496	(5,102,835)
Human services.....	1,172,068	120,413	224,699	-	(826,956)
Culture and recreation.....	2,294,558	434,336	69,827	1,097,096	(693,299)
Community preservation.....	130,760	-	-	310,246	179,486
Interest.....	2,879,164	-	-	-	(2,879,164)
Total Governmental Activities.....	84,977,149	6,593,809	16,097,906	7,304,433	(54,981,001)
<i>Business-Type Activities:</i>					
Water.....	3,755,045	4,680,171	-	-	925,126
Sewer.....	2,935,172	2,096,817	184,361	-	(653,994)
Transfer Station.....	1,228,775	1,168,672	-	377,422	317,319
Widow's Walk Golf Course.....	1,101,808	1,350,468	-	-	248,660
Waterways.....	1,401,768	1,119,575	-	103,300	(178,893)
Total Business-Type Activities.....	10,422,568	10,415,703	184,361	480,722	658,218
Total Primary Government.....	\$ 95,399,717	\$ 17,009,512	\$ 16,282,267	\$ 7,785,155	\$ (54,322,783)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(54,981,001)	658,218	(54,322,783)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	57,161,241	-	57,161,241
Tax liens.....	472,610	57,333	529,943
Motor vehicle and other excise taxes.....	3,198,586	40,695	3,239,281
Community preservation tax.....	1,355,633	-	1,355,633
Penalties and interest on taxes.....	487,036	-	487,036
Payments in lieu of taxes.....	20,370	-	20,370
Grants and contributions not restricted to specific programs.....	2,305,361	-	2,305,361
Unrestricted investment income.....	611,498	66,569	678,067
Miscellaneous.....	71,543	-	71,543
<i>Transfers, net.</i>	71,426	(71,426)	-
Total general revenues and transfers.....	65,755,304	93,171	65,848,475
Change in net position.....	10,774,303	751,389	11,525,692
<i>Net Position:</i>			
Beginning of year.....	33,431,886	45,644,765	79,076,651
End of year..... \$	<u>44,206,189</u>	<u>46,396,154</u>	<u>90,602,343</u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2016

	General	Community Preservation	Affordable Housing	Town Capital Projects
ASSETS				
Cash and cash equivalents.....	\$ 12,902,244	\$ 8,324,502	\$ 756,446	\$ 13,117,283
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,086,429	14,523	-	-
Tax liens.....	886,985	20,565	-	-
Motor vehicle and other excise taxes.....	201,528	-	-	-
Departmental and other.....	159,531	-	-	-
Special assessments.....	198,081	-	-	-
Intergovernmental.....	-	310,246	-	-
Tax foreclosures.....	377,376	-	-	-
Due from other funds.....	-	-	-	-
TOTAL ASSETS.....	\$ 15,812,174	\$ 8,669,836	\$ 756,446	\$ 13,117,283
LIABILITIES				
Warrants payable.....	\$ 282,140	\$ 335,495	\$ -	\$ 1,544,221
Accrued liabilities.....	568,286	-	-	-
Accrued payroll.....	575,649	453	-	-
Abandoned property.....	54,567	-	-	-
Due to other funds.....	-	-	-	-
Notes payable.....	-	-	-	2,800,000
TOTAL LIABILITIES.....	1,480,642	335,948	-	4,344,221
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	100,839	5,351	-	-
Unavailable revenue.....	2,530,422	35,089	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	2,631,261	40,440	-	-
FUND BALANCES				
Nonspendable.....	-	-	-	-
Restricted.....	501,782	8,293,448	756,446	8,773,062
Committed.....	2,547,389	-	-	-
Assigned.....	949,163	-	-	-
Unassigned.....	7,701,937	-	-	-
TOTAL FUND BALANCES.....	11,700,271	8,293,448	756,446	8,773,062
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 15,812,174	\$ 8,669,836	\$ 756,446	\$ 13,117,283

See notes to basic financial statements.

Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 41,990,156	\$ 9,725,854	\$ 86,816,485
-	-	1,100,952
-	-	907,550
-	-	201,528
-	5,903	165,434
-	2,500	200,581
1,972,655	2,022,567	4,305,468
-	-	377,376
-	671,741	671,741
<u>\$ 43,962,811</u>	<u>\$ 12,428,565</u>	<u>\$ 94,747,115</u>
\$ 4,121,089	\$ 397,215	\$ 6,680,160
-	-	568,286
-	76,219	652,321
-	-	54,567
-	671,741	671,741
-	-	2,800,000
<u>4,121,089</u>	<u>1,145,175</u>	<u>11,427,075</u>
-	-	106,190
-	986,186	3,551,697
-	986,186	3,657,887
-	27,051	27,051
39,841,722	10,270,153	68,436,613
-	-	2,547,389
-	-	949,163
-	-	7,701,937
<u>39,841,722</u>	<u>10,297,204</u>	<u>79,662,153</u>
<u>\$ 43,962,811</u>	<u>\$ 12,428,565</u>	<u>\$ 94,747,115</u>

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

JUNE 30, 2016

Total governmental fund balances.....		\$ 79,662,153
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		106,094,587
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,551,697
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		4,111,742
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(960,723)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(82,697,642)	
Capital lease obligations.....	(1,036,495)	
Net pension liability.....	(36,214,439)	
Other postemployment benefits.....	(26,764,336)	
Compensated absences.....	<u>(1,540,355)</u>	
Net effect of reporting long-term liabilities.....		<u>(148,253,267)</u>
Net position of governmental activities.....		\$ <u><u>44,206,189</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	General	Community Preservation	Affordable Housing	Town Capital Projects
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 57,169,767	\$ -	\$ -	\$ -
Tax liens.....	464,165	8,445	-	-
Motor vehicle and other excise taxes.....	3,188,658	-	-	-
Penalties and interest on taxes.....	446,788	4,620	-	-
Fees and rentals.....	547,967	-	-	-
Licenses and permits.....	649,666	-	-	-
Fines and forfeitures.....	75,202	-	-	-
Intergovernmental.....	14,086,677	310,246	-	-
Departmental and other.....	1,128,391	-	-	-
Community Preservation surtax.....	-	1,355,659	-	-
Contributions.....	-	-	-	-
Investment income.....	544,826	50,777	5,519	-
TOTAL REVENUES.....	78,302,107	1,729,747	5,519	-
EXPENDITURES:				
Current:				
General government.....	3,381,966	-	234,622	32,322
Public safety.....	8,639,142	-	-	6,641,272
Education.....	35,931,906	-	-	-
Public works.....	4,393,169	-	-	1,941,933
Human services.....	610,705	-	-	-
Culture and recreation.....	959,860	-	-	-
Community preservation.....	-	994,353	-	-
Pension benefits.....	10,521,634	-	-	-
Employee benefits.....	6,080,414	-	-	-
State and county charges.....	561,038	-	-	-
Debt service:				
Principal.....	4,459,856	-	-	-
Principal - current refunding - payment to escrow agent.....	564,514	-	-	-
Interest.....	2,835,437	-	-	-
TOTAL EXPENDITURES.....	78,939,641	994,353	234,622	8,615,527
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(637,534)	735,394	(229,103)	(8,615,527)
OTHER FINANCING SOURCES (USES):				
Issuance of refunding bonds.....	529,100	-	-	-
Premium from issuance of refunding bonds.....	35,414	-	-	-
Capital lease financing.....	1,008,059	-	-	-
Transfers in.....	1,345,450	-	-	2,002,015
Transfers out.....	(6,622,220)	-	-	(179,504)
TOTAL OTHER FINANCING SOURCES (USES).....	(3,704,197)	-	-	1,822,511
NET CHANGE IN FUND BALANCES.....	(4,341,731)	735,394	(229,103)	(6,793,016)
FUND BALANCES AT BEGINNING OF YEAR.....	16,042,002	7,558,054	985,549	15,566,078
FUND BALANCES AT END OF YEAR.....	\$ 11,700,271	\$ 8,293,448	\$ 756,446	\$ 8,773,062

See notes to basic financial statements.

Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 57,169,767
-	-	472,610
-	-	3,188,658
-	-	451,408
-	-	547,967
-	282,865	932,531
-	1,640	76,842
5,277,875	5,817,049	25,491,847
-	4,092,761	5,221,152
-	-	1,355,659
-	540,353	540,353
-	10,376	611,498
<u>5,277,875</u>	<u>10,745,044</u>	<u>96,060,292</u>
-	1,332,541	4,981,451
-	330,229	15,610,643
13,981,612	4,157,562	54,071,080
-	1,578,649	7,913,751
-	225,959	836,664
-	4,885,086	5,844,946
-	-	994,353
-	-	10,521,634
-	-	6,080,414
-	-	561,038
-	-	4,459,856
-	-	564,514
-	-	2,835,437
<u>13,981,612</u>	<u>12,510,026</u>	<u>115,275,781</u>
<u>(8,703,737)</u>	<u>(1,764,982)</u>	<u>(19,215,489)</u>
-	-	529,100
-	-	35,414
-	-	1,008,059
3,659,538	485,106	7,492,109
-	(618,959)	(7,420,683)
<u>3,659,538</u>	<u>(133,853)</u>	<u>1,643,999</u>
(5,044,199)	(1,898,835)	(17,571,490)
<u>44,885,921</u>	<u>12,196,039</u>	<u>97,233,643</u>
<u>\$ 39,841,722</u>	<u>\$ 10,297,204</u>	<u>\$ 79,662,153</u>

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....		\$ (17,571,490)
<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.....	31,225,154	
Depreciation expense.....	<u>(3,905,016)</u>	
Net effect of reporting capital assets.....		27,320,138
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(380,266)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Capital lease payments.....	(859,605)	
Issuance of refunding bonds.....	(529,100)	
Amortization of debt premiums.....	365,480	
Premium from issuance of refunding bonds.....	(35,414)	
Debt service principal payments.....	4,459,856	
Debt service principal payments - current refunding.....	<u>564,514</u>	
Net effect of reporting long-term debt.....		3,965,731
<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.....	291,294	
Net change in accrued interest on long-term debt.....	(409,207)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	2,538,787	
Net change in net pension liability.....	(2,198,931)	
Net change in other postemployment benefit accrual.....	<u>(2,781,753)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(2,559,810)</u>
Change in net position of governmental activities.....		<u>\$ 10,774,303</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 8,100,102	\$ 3,019,335	\$ 875,582	\$ 168,493	\$ 1,371,457	\$ 13,534,969
Receivables, net of allowance for uncollectibles:						
User fees.....	2,045,664	489,842	-	-	-	2,535,506
Water and sewer liens.....	57,542	70,233	-	-	-	127,775
Special assessments.....	-	743,646	-	-	-	743,646
Intergovernmental.....	-	316,194	-	-	-	316,194
Inventory.....	-	-	-	32,292	-	32,292
Total current assets.....	<u>10,203,308</u>	<u>4,639,250</u>	<u>875,582</u>	<u>200,785</u>	<u>1,371,457</u>	<u>17,290,382</u>
NONCURRENT:						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	8,654,070	-	-	-	8,654,070
Intergovernmental.....	-	648,278	-	-	-	648,278
Capital assets, net of accumulated depreciation:						
Nondepreciable.....	519,730	-	-	-	3,769,527	4,289,257
Depreciable.....	<u>24,708,131</u>	<u>34,326,186</u>	<u>1,395,314</u>	<u>1,884,179</u>	<u>2,920,021</u>	<u>65,233,831</u>
Total noncurrent assets.....	<u>25,227,861</u>	<u>43,628,534</u>	<u>1,395,314</u>	<u>1,884,179</u>	<u>6,689,548</u>	<u>78,825,436</u>
TOTAL ASSETS.....	<u>35,431,169</u>	<u>48,267,784</u>	<u>2,270,896</u>	<u>2,084,964</u>	<u>8,061,005</u>	<u>96,115,818</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension.....	<u>239,651</u>	<u>121,726</u>	<u>67,628</u>	<u>50,356</u>	<u>103,140</u>	<u>582,501</u>
LIABILITIES						
CURRENT:						
Warrants payable.....	690,770	35,378	74,564	6,185	1,025	807,922
Accrued payroll.....	31,962	16,542	7,192	5,789	14,829	76,314
Accrued interest.....	217,355	214,209	744	5,000	24,502	461,810
Other liabilities.....	-	-	-	83,655	-	83,655
Capital lease obligations.....	-	-	-	46,761	-	46,761
Landfill closure.....	-	-	65,000	-	-	65,000
Compensated absences.....	44,700	13,000	17,600	-	7,500	82,800
Notes payable.....	2,100,000	625,000	-	-	195,000	2,920,000
Bonds payable.....	<u>1,083,849</u>	<u>2,056,314</u>	<u>15,000</u>	<u>375,000</u>	<u>352,077</u>	<u>3,882,240</u>
Total current liabilities.....	<u>4,168,636</u>	<u>2,960,443</u>	<u>180,100</u>	<u>522,390</u>	<u>594,933</u>	<u>8,426,502</u>
NONCURRENT:						
Capital lease obligations.....	-	-	-	109,509	-	109,509
Landfill closure.....	-	-	917,000	-	-	917,000
Compensated absences.....	29,600	3,465	15,966	-	2,350	51,381
Workers' compensation.....	-	-	-	-	-	-
Net pension liability.....	2,035,030	1,033,653	574,270	427,603	875,823	4,946,379
Other postemployment benefits.....	517,106	167,352	157,663	28,834	91,610	962,565
Bonds payable.....	<u>17,653,232</u>	<u>14,990,877</u>	<u>45,000</u>	<u>-</u>	<u>2,178,826</u>	<u>34,867,935</u>
Total noncurrent liabilities.....	<u>20,234,968</u>	<u>16,195,347</u>	<u>1,709,899</u>	<u>565,946</u>	<u>3,148,609</u>	<u>41,854,769</u>
TOTAL LIABILITIES.....	<u>24,403,604</u>	<u>19,155,790</u>	<u>1,889,999</u>	<u>1,088,336</u>	<u>3,743,542</u>	<u>50,281,271</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension.....	<u>8,596</u>	<u>4,366</u>	<u>2,426</u>	<u>1,806</u>	<u>3,700</u>	<u>20,894</u>
NET POSITION						
Net investment in capital assets.....	8,554,620	18,319,494	1,335,314	1,352,909	4,230,735	33,793,072
Unrestricted.....	<u>2,704,000</u>	<u>10,909,860</u>	<u>(889,215)</u>	<u>(307,731)</u>	<u>186,168</u>	<u>12,603,082</u>
TOTAL NET POSITION.....	<u>\$ 11,258,620</u>	<u>\$ 29,229,354</u>	<u>\$ 446,099</u>	<u>\$ 1,045,178</u>	<u>\$ 4,416,903</u>	<u>\$ 46,396,154</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
OPERATING REVENUES:						
Charges for services.....	\$ 4,666,521	\$ 1,721,736	\$ 1,168,672	\$ 1,350,468	\$ 944,808	\$ 9,852,205
Other.....	-	-	-	-	174,767	174,767
TOTAL OPERATING REVENUES.....	4,666,521	1,721,736	1,168,672	1,350,468	1,119,575	10,026,972
OPERATING EXPENSES:						
Cost of services and administration.....	2,395,409	1,393,469	1,127,748	882,135	936,037	6,734,798
Depreciation.....	795,949	1,055,329	85,529	202,273	345,685	2,484,765
TOTAL OPERATING EXPENSES.....	3,191,358	2,448,798	1,213,277	1,084,408	1,281,722	9,219,563
OPERATING INCOME (LOSS).....	1,475,163	(727,062)	(44,605)	266,060	(162,147)	807,409
NONOPERATING REVENUES (EXPENSES):						
Investment income/(loss).....	44,092	11,598	5,117	186	5,576	66,569
Interest expense.....	(563,687)	(486,374)	(15,498)	(17,400)	(120,046)	(1,203,005)
Intergovernmental.....	-	184,361	-	-	-	184,361
Boat excise taxes.....	-	-	-	-	40,695	40,695
Penalties and interest.....	30,313	415,751	-	-	-	446,064
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(489,282)	125,336	(10,381)	(17,214)	(73,775)	(465,316)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	985,881	(601,726)	(54,986)	248,846	(235,922)	342,093
TRANSFERS:						
Transfers in.....	-	658,718	-	11,500	9,400	679,618
Transfers out.....	(299,580)	(193,115)	(146,286)	(54,314)	(57,749)	(751,044)
TOTAL TRANSFERS.....	(299,580)	465,603	(146,286)	(42,814)	(48,349)	(71,426)
CAPITAL CONTRIBUTIONS:						
Capital contributions.....	-	-	377,422	-	103,300	480,722
CHANGE IN NET POSITION.....	686,301	(136,123)	176,150	206,032	(180,971)	751,389
NET POSITION AT BEGINNING OF YEAR.....	10,572,319	29,365,477	269,949	839,146	4,597,874	45,644,765
NET POSITION AT END OF YEAR.....	\$ 11,258,620	\$ 29,229,354	\$ 446,099	\$ 1,045,178	\$ 4,416,903	\$ 46,396,154

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Transfer Station	Widow's Walk Golf Course	Waterways	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 4,412,685	\$ 2,132,685	\$ 1,168,672	\$ 1,350,468	\$ 1,119,575	\$ 10,184,085
Payments to vendors.....	(287,772)	(787,327)	(895,055)	(598,387)	(141,647)	(2,710,188)
Payments to employees.....	(1,148,713)	(504,479)	(295,983)	(229,497)	(570,250)	(2,748,922)
NET CASH FROM OPERATING ACTIVITIES.....	2,976,200	840,879	(22,366)	522,584	407,678	4,724,975
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	-	658,718	-	11,500	9,400	679,618
Transfers out.....	(299,580)	(193,115)	(146,286)	(54,314)	(57,749)	(751,044)
Boat excise taxes.....	-	-	-	-	40,695	40,695
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(299,580)	465,603	(146,286)	(42,814)	(7,654)	(30,731)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds and notes.....	2,100,000	625,000	-	-	195,000	2,920,000
Acquisition and construction of capital assets.....	(7,055,538)	(315,665)	(79,677)	-	-	(7,450,880)
Principal payments on bonds and notes.....	(991,000)	(2,012,809)	(15,000)	(360,000)	(325,000)	(3,703,809)
Interest expense.....	(570,644)	(594,067)	(3,150)	(22,200)	(84,616)	(1,274,677)
Capital contributions.....	-	1,406,609	-	-	-	1,406,609
Capital lease payments.....	-	-	-	(45,545)	-	(45,545)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(6,517,182)	(890,932)	(97,827)	(427,745)	(214,616)	(8,148,302)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income.....	44,092	11,598	5,117	186	5,576	66,569
NET CASH FROM INVESTING ACTIVITIES.....	44,092	11,598	5,117	186	5,576	66,569
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(3,796,470)	427,148	(261,362)	52,211	190,984	(3,387,489)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,896,572	2,592,187	1,136,944	116,282	1,180,473	16,922,458
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,100,102	\$ 3,019,335	\$ 875,582	\$ 168,493	\$ 1,371,457	\$ 13,534,969
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ 1,475,163	\$ (727,062)	\$ (44,605)	\$ 266,060	\$ (162,147)	\$ 807,409
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	795,949	1,055,329	85,529	202,273	345,685	2,484,765
Receipts from users penalties and interest.....	30,313	415,751	-	-	-	446,064
Deferred (outflows)/inflows related to pensions.....	(159,340)	(77,104)	(43,598)	(32,906)	(72,254)	(385,202)
Changes in assets and liabilities:						
Water and sewer liens.....	3,850	19,555	-	-	-	23,405
User fees.....	(287,999)	(24,357)	-	-	-	(312,356)
Inventory.....	-	-	-	3,834	-	3,834
Warrants payable.....	542,889	12,399	11,083	(2,027)	(4,433)	559,911
Accrued liabilities.....	-	-	-	(699)	-	(699)
Accrued payroll.....	10,985	4,857	1,246	(1,287)	5,551	21,352
Landfill closure.....	-	-	(152,000)	-	-	(152,000)
Accrued compensated absences.....	10,097	(15,192)	151	-	(2,508)	(7,452)
Net pension liability.....	484,172	163,109	107,088	89,288	287,928	1,131,585
Other postemployment benefits.....	70,121	13,594	12,740	(1,952)	9,856	104,359
Total adjustments.....	1,501,037	1,567,941	22,239	256,524	569,825	3,917,566
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,976,200	\$ 840,879	\$ (22,366)	\$ 522,584	\$ 407,678	\$ 4,724,975
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Acquisition of capital assets under capital lease obligations leases.....						
Amortization of debt premium.....	81,007	-	-	-	158,903	239,910
Intergovernmental subsidy of debt service - principal.....	-	227,309	-	-	-	227,309
Intergovernmental subsidy of debt service - interest.....	-	198,491	-	-	-	198,491
Issuance of refunding bonds.....	353,400	1,280,500	-	-	1,642,000	3,275,900
Long-term bonds refunded.....	(374,000)	(1,357,000)	(324,000)	-	(1,755,000)	(3,810,000)
Noncash capital contributions.....	-	-	377,422	-	103,300	480,722

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Other Postemployment Benefits Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 675,922	\$ 279,340	\$ 1,091,597
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	123,171
TOTAL ASSETS.....	675,922	279,340	1,214,768
LIABILITIES			
Warrants payable.....	-	-	47,883
Accrued liabilities.....	-	-	26,369
Liabilities due depositors.....	-	-	1,110,516
Other liabilities.....	-	-	30,000
TOTAL LIABILITIES.....	-	-	1,214,768
NET POSITION			
Held in trust for OPEB and other purposes.....	\$ 675,922	\$ 279,340	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Other Postemployment Benefits Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 282,835	\$ -
Private donations.....	-	985
Miscellaneous.....	3,698	-
Total contributions.....	<u>286,533</u>	<u>985</u>
Net investment income (loss):		
Interest.....	2,874	1,026
TOTAL ADDITIONS.....	<u>289,407</u>	<u>2,011</u>
<u>DEDUCTIONS:</u>		
Educational scholarships.....	-	15,800
CHANGE IN NET POSITION.....	289,407	(13,789)
NET POSITION AT BEGINNING OF YEAR.....	<u>386,515</u>	<u>293,129</u>
NET POSITION AT END OF YEAR.....	<u>\$ 675,922</u>	<u>\$ 279,340</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Joint Ventures – The Town is a member of the South Shore Vocational Technical High School District along with the Towns of Abington, Cohasset, Hanover, Hanson, Norwell, Rockland and Whitman. The South Shore Vocational Technical High School District serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the South Shore Vocational Technical High School District and each member is responsible for its proportionate share of the operational and capital cost of the South Shore Vocational Technical High School District, which are paid in the form of assessments. The Town does not have an equity interest in the South Shore Vocational Technical High School District and the 2016 assessment was \$565,989. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, Massachusetts 02339.

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *affordable housing fund* is used to account for funds associated with the Town's affordable housing program, which endeavors to create more affordable housing options.

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities

traded on national stock exchanges and at an average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes

are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

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

User Fees

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

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

Departmental and Other

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

Special Assessments

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

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

Inventories of the Widow’s Walk golf course enterprise fund are carried at average cost.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Unavailable Revenue

Fund Financial Statements

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund

statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

Net position has been “restricted for” the following:

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

S. 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 (the 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 \$100,577,858 and the bank balance totaled \$102,521,337. Of the bank balance, \$2,500,000 was covered by Federal Depository Insurance, \$37,071,095 was covered by the Depositors Insurance Fund, \$51,948,879 was covered by the Share Insurance Fund, \$5,120,542 was collateralized, and \$5,880,821 was uninsured and uncollateralized.

The Town's investments consisted solely of MMDT investments totaling \$1,820,455.

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, 2016, 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, US Treasury Obligations, US Agency Obligations or bank accounts and CD’s with final maturity no greater than one year from date of purchase and they are fully collateralized or covered by FDIC, DIF or SIF insurance. The Treasurer may invest in uninsured or unsecured bank accounts or CD’s with a maturity of no greater than one year from the date of purchase, however the uninsured portion at any one institution cannot exceed 5% of the institution’s total deposits reflected on the bank’s last filed FDIC Call Report and no more than 35% of the Town’s funds may be held in uninsured accounts.

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, 2016 is \$1,820,455. 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, 2016, 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:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,157,034	\$ (56,082)	\$ 1,100,952
Tax liens.....	907,550	-	907,550
Motor vehicle and other excise taxes.....	227,654	(26,126)	201,528
Departmental and other.....	694,098	(405,493)	288,605
Special assessments.....	200,581	-	200,581
Intergovernmental.....	4,305,468	-	4,305,468
Total.....	<u>\$ 7,492,385</u>	<u>\$ (487,701)</u>	<u>\$ 7,004,684</u>

At June 30, 2016, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 2,535,506	\$ -	\$ 2,535,506
Water and sewer liens.....	127,775	-	127,775
Special assessments.....	743,646	-	743,646
Intergovernmental.....	316,194	-	316,194
Total.....	<u>\$ 3,723,121</u>	<u>\$ -</u>	<u>\$ 3,723,121</u>

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

	General Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes.....	\$ 706,921	\$ 14,524	\$ -	\$ 721,445
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.....	-	-	977,783	977,783
Tax foreclosures.....	377,376	-	-	377,376
Total.....	<u>\$ 2,530,422</u>	<u>\$ 35,089</u>	<u>\$ 986,186</u>	<u>\$ 3,551,697</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 21,096,962	\$ -	\$ -	\$ 21,096,962
Construction in progress.....	4,726,853	25,302,276	(272,046)	29,757,083
Total capital assets not being depreciated.....	<u>25,823,815</u>	<u>25,302,276</u>	<u>(272,046)</u>	<u>50,854,045</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,643,322	-	-	3,643,322
Buildings and building improvements.....	47,452,148	173,196	-	47,625,344
Machinery and equipment.....	9,632,338	792,906	-	10,425,244
Infrastructure.....	27,290,087	4,068,024	-	31,358,111
Vehicles.....	7,051,863	1,160,798	-	8,212,661
Total capital assets being depreciated.....	<u>95,069,758</u>	<u>6,194,924</u>	<u>-</u>	<u>101,264,682</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(874,265)	(135,216)	-	(1,009,481)
Buildings and building improvements.....	(15,403,982)	(1,417,176)	-	(16,821,158)
Machinery and equipment.....	(7,872,622)	(540,140)	-	(8,412,762)
Infrastructure.....	(13,503,311)	(1,217,414)	-	(14,720,725)
Vehicles.....	(4,464,944)	(595,070)	-	(5,060,014)
Total accumulated depreciation.....	<u>(42,119,124)</u>	<u>(3,905,016)</u>	<u>-</u>	<u>(46,024,140)</u>
Total capital assets being depreciated, net.....	<u>52,950,634</u>	<u>2,289,908</u>	<u>-</u>	<u>55,240,542</u>
Total governmental activities capital assets, net.....	<u>\$ 78,774,449</u>	<u>\$ 27,592,184</u>	<u>\$ (272,046)</u>	<u>\$ 106,094,587</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 751,538	\$ 519,730	\$ (751,538)	\$ 519,730
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	9,500	-	-	9,500
Machinery and equipment.....	681,655	49,200	-	730,855
Infrastructure.....	32,212,113	4,950,839	-	37,162,952
Vehicles.....	380,073	-	-	380,073
Total capital assets being depreciated.....	33,283,341	5,000,039	-	38,283,380
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(3,242)	(238)	-	(3,480)
Machinery and equipment.....	(244,656)	(69,904)	-	(314,560)
Infrastructure.....	(12,303,923)	(695,022)	-	(12,998,945)
Vehicles.....	(227,480)	(30,784)	-	(258,264)
Total accumulated depreciation.....	(12,779,301)	(795,948)	-	(13,575,249)
Total capital assets being depreciated, net.....	20,504,040	4,204,091	-	24,708,131
Total water capital assets, net.....	\$ 21,255,578	\$ 4,723,821	\$ (751,538)	\$ 25,227,861
Sewer:				
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	\$ 9,783,992	\$ 42,606	\$ -	\$ 9,826,598
Machinery and equipment.....	7,937,430	71,616	-	8,009,046
Vehicles.....	202,382	-	-	202,382
Infrastructure.....	31,965,203	201,443	-	32,166,646
Total capital assets being depreciated.....	49,889,007	315,665	-	50,204,672
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(5,282,300)	(197,135)	-	(5,479,435)
Machinery and equipment.....	(3,606,728)	(166,988)	-	(3,773,716)
Infrastructure.....	(5,749,966)	(658,559)	-	(6,408,525)
Vehicles.....	(184,163)	(32,647)	-	(216,810)
Total accumulated depreciation.....	(14,823,157)	(1,055,329)	-	(15,878,486)
Total sewer capital assets, net.....	\$ 35,065,850	\$ (739,664)	\$ -	\$ 34,326,186

	Beginning Balance	Increases	Decreases	Ending Balance
Transfer Station:				
<u>Capital assets being depreciated:</u>				
Buildings and building improvements.....	\$ 2,221,043	\$ -	\$ -	\$ 2,221,043
Machinery and equipment.....	595,752	34,404	-	630,156
Vehicles.....	17,585	45,273	-	62,858
	<u>2,834,380</u>	<u>79,677</u>	<u>-</u>	<u>2,914,057</u>
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(1,017,180)	(48,848)	-	(1,066,028)
Machinery and equipment.....	(398,449)	(32,154)	-	(430,603)
Vehicles.....	(17,585)	(4,527)	-	(22,112)
	<u>(1,433,214)</u>	<u>(85,529)</u>	<u>-</u>	<u>(1,518,743)</u>
Total transfer station capital assets, net.....	<u>\$ 1,401,166</u>	<u>\$ (5,852)</u>	<u>\$ -</u>	<u>\$ 1,395,314</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Widows Walk Golf Course:				
<u>Capital assets being depreciated:</u>				
Land improvements.....	\$ 3,867,632	\$ -	\$ -	\$ 3,867,632
Buildings and building improvements.....	931,176	-	-	931,176
Machinery and equipment.....	1,340,673	73,891	-	1,414,564
	<u>6,139,481</u>	<u>73,891</u>	<u>-</u>	<u>6,213,372</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,565,859)	(105,671)	-	(2,671,530)
Buildings and building improvements.....	(411,164)	(23,279)	-	(434,443)
Machinery and equipment.....	(1,149,897)	(73,323)	-	(1,223,220)
	<u>(4,126,920)</u>	<u>(202,273)</u>	<u>-</u>	<u>(4,329,193)</u>
Total Widow's Walk golf course capital assets, net.....	<u>\$ 2,012,561</u>	<u>\$ (128,382)</u>	<u>\$ -</u>	<u>\$ 1,884,179</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Waterways:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,675,000	\$ -	\$ -	\$ 3,675,000
Construction in progress.....	94,527	-	-	94,527
Total capital assets not being depreciated.....	<u>3,769,527</u>	<u>-</u>	<u>-</u>	<u>3,769,527</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	5,035,082	-	-	5,035,082
Buildings and building improvements.....	955,686	-	-	955,686
Machinery and equipment.....	1,677,314	-	-	1,677,314
Infrastructure.....	<u>103,300</u>	<u>103,300</u>	<u>-</u>	<u>103,300</u>
Total capital assets being depreciated.....	<u>7,668,082</u>	<u>103,300</u>	<u>-</u>	<u>7,771,382</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,200,785)	(235,088)	-	(3,435,873)
Buildings and building improvements.....	(276,954)	(25,056)	-	(302,010)
Machinery and equipment.....	(1,027,937)	(84,508)	-	(1,112,445)
Infrastructure.....	<u>(1,033)</u>	<u>(1,033)</u>	<u>-</u>	<u>(1,033)</u>
Total accumulated depreciation.....	<u>(4,505,676)</u>	<u>(345,685)</u>	<u>-</u>	<u>(4,851,361)</u>
Total capital assets being depreciated, net.....	<u>3,162,406</u>	<u>(242,385)</u>	<u>-</u>	<u>2,920,021</u>
Total waterways capital assets, net.....	<u>\$ 6,931,933</u>	<u>\$ (242,385)</u>	<u>\$ -</u>	<u>\$ 6,689,548</u>

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

Governmental Activities:

General government.....	\$ 170,516
Public safety.....	395,920
Education.....	1,475,076
Public works.....	1,617,913
Human services.....	10,935
Culture and recreation.....	185,577
Community preservation.....	<u>49,079</u>

Total depreciation expense - governmental activities..... \$ 3,905,016

Business-Type Activities:

Water.....	\$ 795,948
Sewer.....	1,055,329
Transfer Station.....	85,529
Widow's Walk Golf Course.....	202,273
Waterways.....	<u>345,685</u>

Total depreciation expense - business-type activities..... \$ 2,484,764

NOTE 5 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

At June 30, 2016, the Town has interfund receivables/payables which exist between the Town revolving fund and school lunch fund totaling \$5,010 and the highway improvements fund totaling \$666,731. The purpose of these balances is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General Fund	Town Capital Projects	Middle School Construction	Nonmajor Governmental Funds	Sewer Enterprise Fund	Widow's Walk Golf Course Enterprise Fund	Waterways Enterprise Fund	
General Fund.....	\$ -	\$ 2,001,896	\$ 3,575,000	\$ 375,106	\$ 658,718	\$ 11,500	\$ -	\$ 6,622,220 (1)
Town Capital Projects.....	179,504	-	-	-	-	-	-	179,504 (2)
Nonmajor Governmental Funds.....	414,902	119	84,538	110,000	-	-	9,400	618,959 (3)
Water Enterprise Fund.....	299,580	-	-	-	-	-	-	299,580 (4)
Sewer Enterprise Fund.....	193,115	-	-	-	-	-	-	193,115 (4)
Transfer Station Enterprise Fund.....	146,286	-	-	-	-	-	-	146,286 (4)
Widow's Walk Golf Course Enterprise Fund.....	54,314	-	-	-	-	-	-	54,314 (4)
Waterways Enterprise Fund.....	57,749	-	-	-	-	-	-	57,749 (4)
Total.....	\$ 1,345,450	\$ 2,002,015	\$ 3,659,538	\$ 485,106	\$ 658,718	\$ 11,500	\$ 9,400	\$ 8,171,727

- (1) Represents budgeted transfers from the general fund to Town capital projects to pay down a bond anticipation note; Town capital projects, middle school construction, and the library renovation project for allocation of bond premiums; nonmajor governmental funds for excess cable funds; and enterprise funds for debt subsidies.
- (2) Represents budgeted transfers from the Town capital project funds to the general fund to fund articles.
- (3) Represents budgeted transfers into the general fund from nonmajor governmental funds, Title V and Town revolving funds. Also represents transfers into general fund from the Town revolving funds; transfer to the library renovation fund from Town gifts and grants and Town revolving funds; and a transfer to the waterways enterprise fund from Town gifts and grants.
- (4) Represents budgeted transfers from the enterprise funds to the general fund.

NOTE 6 – LEASES

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

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment.....	\$ -	\$ 567,225
Vehicles.....	1,247,996	-
Less: accumulated depreciation.....	<u>(220,774)</u>	<u>(401,812)</u>
Total.....	<u>\$ 1,027,222</u>	<u>\$ 165,413</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2016:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2017.....	\$ 270,367	\$ 53,477
2018.....	120,367	45,539
2019.....	702,001	40,262
2020.....	-	24,334
2021.....	<u>-</u>	<u>8,014</u>
Total minimum lease payments.....	1,092,735	171,626
Less: amounts representing interest.....	<u>(56,240)</u>	<u>(15,356)</u>
Present value of minimum lease payments.....	<u>\$ 1,036,495</u>	<u>\$ 156,270</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, 2016, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
<i>Governmental Funds</i>							
BAN	Bond Anticipation Note.....	2.00	02/03/17	\$ -	\$ 2,800,000	\$ -	\$ 2,800,000
<i>Water Enterprise Funds</i>							
BAN	Bond Anticipation Note.....	2.00	02/03/17	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000
<i>Sewer Enterprise Funds</i>							
BAN	Bond Anticipation Note.....	2.00	02/03/17	-	625,000	-	625,000
<i>Waterways Enterprise Funds</i>							
BAN	Harbor Maintenance.....	2.00	02/03/17	-	195,000	-	195,000
Total Enterprise.....				\$ -	\$ 2,920,000	\$ -	\$ 2,920,000

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".

In order to take advantage of favorable interest rates, the Town issued \$3,805,000 of general obligation refunding bonds on March 15, 2016. The proceeds of the refunding bonds were paid to the escrow agent and used to complete a current refunding of existing debt at the call date. The refunded bonds totaled \$4,370,000 and became callable on May 15, 2016. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$447,000 and a reduction of \$500,553 in future debt service payments. The refunding bonds included governmental, water, sewer, and waterways debt. The deferred loss on the refunding was not material. Details related to the outstanding indebtedness at June 30, 2016, 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, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MCWT 97-1031.....	2019	\$ 123,432	4.00 - 5.00	\$ 27,422	\$ -	\$ (6,855)	\$ 20,567
General Obligation Bonds of 2005.....	2025	11,279,000	3.00 - 5.00	1,150,000	-	(1,150,000)	-
General Obligation Bonds of 2008.....	2026	3,560,500	3.00 - 5.00	1,900,000	-	(230,000)	1,670,000
General Obligation Bonds of 2011.....	2031	2,978,388	3.00 - 5.00	1,655,000	-	(305,000)	1,350,000
General Obligation Bonds of 2012.....	2033	5,262,021	2.00 - 2.75	4,445,000	-	(400,000)	4,045,000
General Obligation Refunding Bonds of 2015.....	2025	4,205,000	4.00 - 5.00	4,205,000	-	-	4,205,000
General Obligation Bonds of 2015.....	2040	68,258,000	2.00 - 5.00	68,258,000	-	(2,928,000)	65,330,000
General Obligation Refunding Bonds of 2016.....	2025	529,100	2.00 - 4.00	-	529,100	-	529,100
Subtotal.....				81,640,422	529,100	(5,019,855)	77,149,667
Unamortized Premiums on Bonds.....				5,913,457	-	(365,482)	5,547,975
Total Governmental Bonds Payable.....				\$ 87,553,879	\$ 529,100	\$ (5,385,337)	\$ 82,697,642

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....	\$ 4,350,956	\$ 3,212,168	\$ 7,563,124
2018.....	4,156,856	3,032,372	7,189,228
2019.....	4,011,855	2,855,105	6,866,960
2020.....	3,910,000	2,683,857	6,593,857
2021.....	3,880,000	2,499,858	6,379,858
2022.....	3,855,000	2,317,252	6,172,252
2023.....	3,845,000	2,136,640	5,981,640
2024.....	3,765,000	1,957,179	5,722,179
2025.....	3,690,000	1,781,479	5,471,479
2026.....	3,060,000	1,622,074	4,682,074
2027.....	2,905,000	1,480,342	4,385,342
2028.....	2,895,000	1,355,015	4,250,015
2029.....	2,895,000	1,242,817	4,137,817
2030.....	2,900,000	1,130,460	4,030,460
2031.....	2,890,000	1,017,788	3,907,788
2032.....	2,840,000	905,051	3,745,051
2033.....	2,820,000	796,662	3,616,662
2034.....	2,640,000	686,400	3,326,400
2035.....	2,640,000	580,800	3,220,800
2036.....	2,640,000	475,200	3,115,200
2037.....	2,640,000	369,600	3,009,600
2038.....	2,640,000	264,000	2,904,000
2039.....	2,640,000	158,400	2,798,400
2040.....	2,640,000	52,800	2,692,800
Total.....	\$ <u>77,149,667</u>	\$ <u>34,613,319</u>	\$ <u>111,762,986</u>

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Water:							
General Obligation Bonds of 2005.....	2025	\$ 873,000	3.00 - 5.00	\$ 420,000	\$ -	\$ (420,000)	-
General Obligation Bonds of 2008.....	2017	50,000	3.00 - 5.00	10,000	-	(5,000)	5,000
General Obligation Bonds of 2011.....	2031	4,147,000	3.00 - 5.00	3,135,000	-	(245,000)	2,890,000
General Obligation Bonds of 2012.....	2033	842,493	2.00 - 2.75	615,000	-	(110,000)	505,000
General Obligation Bonds of 2015.....	2036	14,400,000	2.00 - 2.75	14,400,000	-	(585,000)	13,815,000
General Obligation Refunding Bonds of 2016.....	2025	353,400	2.00 - 4.00	-	353,400	-	353,400
Subtotal water bonds payable.....				18,580,000	353,400	(1,365,000)	17,568,400
Unamortized premium on bonds.....				1,249,688	-	(81,007)	1,168,681
Total water bonds payable.....				19,829,688	353,400	(1,446,007)	18,737,081
Sewer:							
MCWT CW-02-22A.....	2024	1,288,256	2.00	737,526	-	(75,544)	661,982
MCWT CW-04-38.....	2026	3,554,137	2.00	2,321,607	-	(190,589)	2,131,018
MCWT CW-04-38-A.....	2026	929,694	2.00	634,776	-	(52,111)	582,665
MCWT Pool 10.....	2021	11,253,992	2.50 - 5.25	3,975,647	-	(876,363)	3,099,284
MCWT CW-02-22.....	2024	4,557,209	2.00	2,768,509	-	(262,909)	2,505,600
General Obligation Bonds of 2005.....	2025	3,046,000	3.00 - 5.00	1,510,000	-	(1,510,000)	-
General Obligation Bonds of 2008.....	2024	800,000	3.00 - 5.00	450,000	-	(50,000)	400,000
General Obligation Bonds of 2011.....	2031	1,310,041	3.00 - 5.00	1,010,000	-	(70,000)	940,000
MCWT CWS-09-06.....	2033	348,667	2.00	320,153	-	(14,724)	305,429
General Obligation Bonds of 2012.....	2033	553,341	2.00 - 2.75	460,000	-	(40,000)	420,000
MCWT CW-10-25.....	2033	5,389,000	2.00	4,948,282	-	(227,569)	4,720,713
General Obligation Refunding Bonds of 2016.....	2025	1,280,500	2.00 - 4.00	-	1,280,500	-	1,280,500
Subtotal sewer bonds payable.....				19,136,500	1,280,500	(3,369,809)	17,047,191
Transfer Station:							
General Obligation Bonds of 2005.....	2025	746,000	3.00 - 5.00	360,000	-	(360,000)	-
General Obligation Bonds of 2011.....	2020	150,000	3.00 - 5.00	75,000	-	(15,000)	60,000
Subtotal transfer station bonds payable.....				435,000	-	(375,000)	60,000
Widow's Walk Golf Course:							
General Obligation Bonds of 2004.....	2017	3,755,000	2.00 - 4.00	735,000	-	(360,000)	375,000
Waterways:							
General Obligation Bonds of 2005.....	2024	4,175,000	3.00 - 5.00	1,975,000	-	(1,975,000)	-
General Obligation Bonds of 2008.....	2023	533,000	3.00 - 5.00	215,000	-	(35,000)	180,000
General Obligation Bonds of 2011.....	2025	903,489	3.00 - 5.00	620,000	-	(70,000)	550,000
General Obligation Refunding Bonds of 2016.....	2024	1,642,000	2.00 - 4.00	-	1,642,000	-	1,642,000
Subtotal waterway's bonds payable.....				2,810,000	1,642,000	(2,080,000)	2,372,000
Unamortized premium on bonds.....				-	158,903	-	158,903
Total waterways bonds payable.....				2,810,000	1,800,903	(2,080,000)	2,530,903
Total Enterprise Bonds Payable.....				\$ 42,946,188	\$ 3,434,803	\$ (7,630,816)	\$ 38,750,175

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$880,212 and interest costs for \$535,612. Thus, net sewer enterprise loan repayments, including interest, are scheduled to be \$4,891,444. The principal subsidies are guaranteed and therefore a \$880,212 intergovernmental receivable has been recorded in the sewer enterprise fund at June 30, 2016. 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 2016 principal and interest subsidies totaled \$227,310 and \$198,491, respectively.

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

WATER ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2017.....	\$ 978,400	\$ 728,941	\$ 1,707,341
2018.....	955,000	690,309	1,645,309
2019.....	905,000	651,209	1,556,209
2020.....	890,000	612,759	1,502,759
2021.....	890,000	570,009	1,460,009
2022.....	860,000	527,259	1,387,259
2023.....	840,000	489,771	1,329,771
2024.....	820,000	452,396	1,272,396
2025.....	815,000	415,903	1,230,903
2026.....	760,000	379,403	1,139,403
2027.....	760,000	343,820	1,103,820
2028.....	755,000	311,131	1,066,131
2029.....	750,000	281,119	1,031,119
2030.....	750,000	251,294	1,001,294
2031.....	745,000	221,550	966,550
2032.....	585,000	191,900	776,900
2033.....	585,000	168,500	753,500
2034.....	575,000	145,500	720,500
2035.....	575,000	122,500	697,500
2036.....	555,000	99,900	654,900
2037.....	555,000	77,700	632,700
2038.....	555,000	55,500	610,500
2039.....	555,000	33,300	588,300
2040.....	555,000	11,100	566,100
Total.....	\$ <u>17,568,400</u>	\$ <u>7,832,773</u>	\$ <u>25,401,173</u>

SEWER ENTERPRISE FUND DEBT SERVICE PAYMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....	\$ 2,056,314	\$ 507,918	\$ 2,564,232
2018.....	2,092,633	412,099	2,504,732
2019.....	2,138,318	343,907	2,482,225
2020.....	1,369,601	279,694	1,649,295
2021.....	1,362,850	233,012	1,595,862
2022.....	1,250,105	189,857	1,439,962
2023.....	1,275,295	149,578	1,424,873
2024.....	1,286,780	108,796	1,395,576
2025.....	804,587	88,952	893,539
2026.....	681,846	71,823	753,669
2027.....	391,941	60,078	452,019
2028.....	393,612	51,151	444,763
2029.....	400,428	42,143	442,571
2030.....	407,392	32,968	440,360
2031.....	409,507	23,669	433,176
2032.....	361,777	14,274	376,051
2033.....	364,205	6,978	371,183
Total.....	\$ <u>17,047,191</u>	\$ <u>2,616,897</u>	\$ <u>19,664,088</u>

TRANSFER STATION ENTERPRISE FUND DEBT SERVICE PAYMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....	\$ 15,000	\$ 2,550	\$ 17,550
2018.....	15,000	1,950	16,950
2019.....	15,000	1,350	16,350
2020.....	15,000	750	15,750
Total.....	\$ <u>60,000</u>	\$ <u>6,600</u>	\$ <u>66,600</u>

WIDOW'S WALK ENTERPRISE FUND DEBT SERVICE PAYMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....	\$ <u>375,000</u>	\$ <u>7,500</u>	\$ <u>382,500</u>

WATERWAYS ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2017.....	\$ 317,000	\$ 85,687	\$ 402,687
2018.....	300,000	78,064	378,064
2019.....	300,000	66,064	366,064
2020.....	295,000	54,064	349,064
2021.....	295,000	41,614	336,614
2022.....	295,000	29,139	324,139
2023.....	290,000	17,883	307,883
2024.....	240,000	6,750	246,750
2025.....	40,000	1,400	41,400
Total.....	\$ <u>2,372,000</u>	\$ <u>380,665</u>	\$ <u>2,752,665</u>

At June 30, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
Marine park recreational facility.....	\$ 280,000
Energy savings contract.....	3,200,000
Facilities design engineering services.....	150,000
School improvements.....	20,094,205
Library renovations.....	4,008,712
Software.....	200,000
Foreshore protection.....	500,000
Water.....	7,262,000
Sewer.....	400,000
Dredging.....	395,000
Oceanside Drive seawall replacement.....	3,500,000
Public safety complex design and construction.....	1,313,000
Pump station replacement.....	625,000
Seawall repairs.....	2,000,000
SCADA upgrade.....	288,000
Repair Maple Street standpipe.....	710,000
Total.....	\$ <u>44,925,917</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2016	Current Portion
Governmental Activities:							
Long-term bonds payable.....	\$ 81,640,422	\$ 529,100	\$ (5,019,855)	\$ -	\$ -	\$ 77,149,667	\$ 4,350,956
Add: Unamortized premium on bonds.....	5,913,457	-	(365,482)	-	-	5,547,975	500,408
Total bonds payable.....	87,553,879	529,100	(5,385,337)	-	-	82,697,642	4,851,364
Compensated absences.....	1,831,649	-	-	1,038,906	(1,330,200)	1,540,355	1,047,000
Capital lease obligations.....	176,890	-	-	1,008,059	(148,454)	1,036,495	247,291
Net pension liability.....	34,015,508	-	-	5,842,975	(3,644,044)	36,214,439	-
Other postemployment benefits.....	23,982,583	-	-	4,688,458	(1,906,705)	26,764,336	-
Total governmental activity long-term liabilities.....	\$ 147,560,509	\$ 529,100	\$ (5,385,337)	\$ 12,578,398	\$ (7,029,403)	\$ 148,253,267	\$ 6,145,655
Business-Type Activities:							
Long-term bonds payable.....	\$ 41,696,500	\$ 3,275,900	\$ (7,549,809)	\$ -	\$ -	\$ 37,422,591	\$ 3,741,714
Add: Unamortized premium on bonds.....	1,249,688	158,903	(81,007)	-	-	1,327,584	140,526
Total bonds payable.....	42,946,188	3,434,803	(7,630,816)	-	-	38,750,175	3,882,240
Compensated absences.....	141,633	-	-	80,948	(88,400)	134,181	82,800
Capital lease obligations.....	127,924	-	-	73,891	(45,545)	156,270	46,761
Landfill closure.....	1,134,000	-	-	-	(152,000)	982,000	65,000
Net pension liability.....	3,814,794	-	-	1,629,308	(497,723)	4,946,379	-
Other postemployment benefits.....	858,206	-	-	167,984	(63,625)	962,565	-
Total business-type activity long-term liabilities.....	\$ 49,022,745	\$ 3,434,803	\$ (7,630,816)	\$ 1,952,131	\$ (847,293)	\$ 45,931,570	\$ 4,076,801

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

As of June 30, 2016, the governmental fund balances consisted of the following:

	General	Community Preservation	Affordable Housing	Town Capital Projects	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES							
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	27,051	\$ 27,051
Restricted for:							
Community preservation.....	-	8,293,448	-	-	-	-	8,293,448
Affordable housing.....	-	-	756,446	-	-	-	756,446
Town capital projects.....	-	-	-	8,773,062	-	-	8,773,062
Middle school construction.....	-	-	-	-	39,841,722	-	39,841,722
School gifts and grants.....	-	-	-	-	-	841,275	841,275
School revolving funds.....	-	-	-	-	-	380,172	380,172
Town gifts and grants.....	-	-	-	-	-	357,593	357,593
Town revolving funds.....	-	-	-	-	-	4,634,092	4,634,092
Highway Improvements.....	-	-	-	-	-	4,353	4,353
Title V program.....	-	-	-	-	-	27,733	27,733
Permanent trust funds.....	-	-	-	-	-	516,281	516,281
Library renovation.....	-	-	-	-	-	3,508,654	3,508,654
Workers compensation.....	501,782	-	-	-	-	-	501,782
Committed for special articles to:							
General government.....	341,990	-	-	-	-	-	341,990
Public safety.....	615,000	-	-	-	-	-	615,000
Education.....	556,305	-	-	-	-	-	556,305
Public works.....	987,973	-	-	-	-	-	987,973
Culture and recreation.....	45,474	-	-	-	-	-	45,474
Debt service.....	647	-	-	-	-	-	647
Assigned to:							
Carryover encumbrances:							
General government.....	233,984	-	-	-	-	-	233,984
Public safety.....	95,014	-	-	-	-	-	95,014
Education.....	91,792	-	-	-	-	-	91,792
Public works.....	510,872	-	-	-	-	-	510,872
Human services.....	9,892	-	-	-	-	-	9,892
Culture and recreation.....	2,437	-	-	-	-	-	2,437
Unemployment insurance.....	2,500	-	-	-	-	-	2,500
Contributory group insurance.....	2,672	-	-	-	-	-	2,672
Unassigned.....	7,701,937	-	-	-	-	-	7,701,937
TOTAL FUND BALANCES.....	\$ 11,700,271	\$ 8,293,448	\$ 756,446	\$ 8,773,062	\$ 39,841,722	\$ 10,297,204	\$ 79,662,153

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 million, \$310,000, and \$24,000, respectively. These funds are reported as unassigned fund balance within the general fund.

NOTE 10 – RISK FINANCING

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

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

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

NOTE 11 – PENSION PLAN*Plan Descriptions*

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The PCCRS is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$6,353,247 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 \$78,329,833 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, 2015.

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, 2015 and totaled \$4,141,767, 24.15% 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, 2016, the Town reported a liability of \$41,160,818 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the Town's proportion was 6.490%, which did not change from its proportion measured at December 31, 2014.

Pension Expense

For the year ended June 30, 2016, the Town recognized a net pension expense of \$4,548,294. At June 30, 2016, Town reported deferred outflows of resources related to pensions of \$4,847,222, from the net difference between projected and actual investment earnings on pension plan investments. The Town reported deferred inflows of resources related to pensions of \$173,873, from the changes in proportion and the differences between employer contributions and their proportionate share of contributions. Since the System performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or a change of assumptions as of December 31, 2015.

The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between projected and actual earnings.....	\$ 4,847,222	\$ -	\$ 4,847,222
Changes in proportion.....	-	(173,873)	(173,873)
Total Deferred Outflows/(Inflows) of Resources.....	\$ 4,847,222	\$ (173,873)	\$ 4,673,349

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

Year ended June 30:

2017.....	\$ 1,277,996
2018.....	1,277,996
2019.....	1,277,996
2020.....	<u>839,361</u>
Total.....	\$ <u>4,673,349</u>

Actuarial Assumptions

The total pension liability in the January 1, 2015, actuarial valuation was determined using the following actuarial assumptions, rolled forward to the measurement date of December 31, 2015::

Valuation date.....	January 1, 2015
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Level percent, open group
Remaining amortization period.....	17 years
Asset valuation method.....	Actuarially valued using a five-year smoothing method of gains and losses.
Investment rate of return/Discount rate.....	8.00%
Inflation rate.....	3.75%
Value of investments.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the lessor of the pension amount and \$13,000 per year.

Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	Pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table for males and females adjusted to 2015 with Scale AA. Disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
Family composition.....	Assumption that 80% of members will be survived by a spouse, females are three years younger than males and males are three years older than females.

Investment policy

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2015 are summarized in the following table:

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

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

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

Sensitivity of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
The Town's proportionate share of the net pension liability.....	\$ 51,067,441	\$ 41,160,818	\$ 32,665,219

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and town ordinance. All benefits are provided through the Town’s insurance program. The Plan does not issue a separate report.

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

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50% of their premium costs. For 2016, the Town contributed \$2 million to the plan.

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

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

Annual Required Contribution (ARC).....	\$ 4,575,248
Interest on net OPEB Obligation.....	993,632
Adjustment to the ARC.....	<u>(712,438)</u>
Annual OPEB cost (expense).....	4,856,442
Contributions made.....	<u>(1,970,330)</u>
Increase/(Decrease) in net OPEB obligation.....	2,886,112
Net OPEB obligation - beginning of year.....	<u>24,840,789</u>
Net OPEB obligation - end of year.....	<u><u>\$ 27,726,901</u></u>

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 4,856,442	41%	\$ 27,726,901
6/30/2015	4,580,701	47%	24,840,789
6/30/2014	6,403,927	30%	22,427,219

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

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

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

presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

NOTE 13 – LANDFILL CLOSURE COSTS

The Town’s landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill cover is installed. The Town presently appropriates approximately \$152,000 per year for post-closure care costs and has recorded a liability of \$982,000 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 \$20.1 million for school improvements, \$4 million for the construction of a new library, \$7.3 million in water pipe improvement and replacement projects, and \$5.5 million in seawall replacement and repairs.

The Town has entered into a long-term contract with South Eastern Massachusetts Partnership (SEMASS) to provide solid waste disposal services. Total charges are based on a formula of tipping and transport fees with costs rising gradually through 2023 when the contract expires. Actual expenditures under this contract for year 2016 were \$311,709.

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, 2016, 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2016, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.

- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.

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, 2016

	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			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 59,003,750	\$ 59,003,750	\$ 57,447,159	\$ 57,073,049	\$ -	\$ (374,110)
Tax liens.....	-	-	-	-	464,165	-	464,165
Motor vehicle and other excise taxes.....	-	2,968,368	2,968,368	2,968,368	3,188,658	-	220,290
Penalties and interest on taxes.....	-	395,000	395,000	395,000	446,788	-	51,788
Fees and rentals.....	-	414,311	414,311	414,311	547,967	-	133,656
Licenses and permits.....	-	527,627	527,627	527,627	649,666	-	122,039
Fines and forfeitures.....	-	27,000	27,000	27,000	75,202	-	48,202
Intergovernmental.....	-	7,225,760	7,225,760	7,225,760	7,733,430	-	507,670
Departmental and other.....	-	949,687	949,687	949,687	1,128,391	-	178,704
Investment income.....	-	36,375	36,375	36,375	524,110	-	487,735
TOTAL REVENUES.....	-	71,547,878	71,547,878	69,991,287	71,831,426	-	1,840,139
EXPENDITURES:							
Current:							
General Government							
Town Administrator							
Personal services.....	17,744	309,773	327,517	333,251	309,923	23,328	-
Purchase of services.....	2,500	57,847	60,347	60,347	39,370	800	20,177
Town Counsel.....	-	136,000	136,000	136,000	124,600	4,449	6,951
Labor Counsel.....	243,967	208,619	452,586	452,437	313,896	138,541	-
Materials and supplies.....	-	3,075	3,075	3,075	3,069	-	6
Salary adjustments.....	5,584	10,000	15,584	10,000	-	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 - Hybrid vehicles.....	8,230	-	8,230	-	-	-	-
Total.....	423,876	725,314	1,149,190	1,140,961	790,858	322,969	27,134
Advisory Committee							
Personal services.....	-	1,964	1,964	1,964	1,575	-	389
Purchase of services.....	-	250	250	250	236	-	14
Materials and supplies.....	-	5,700	5,700	5,700	2,482	-	3,218
Total.....	-	7,914	7,914	7,914	4,293	-	3,621
Reserve Fund.....							
	-	90,000	90,000	90,000	-	-	90,000
Town Accountant							
Personal services.....	-	284,831	284,831	257,831	252,177	-	5,654
Purchase of services.....	-	64,045	64,045	64,045	60,704	3,300	41
Materials and supplies.....	-	800	800	800	779	-	21
Article - Integrated financial system.....	200,000	-	200,000	200,000	51,361	148,639	-
Total.....	200,000	349,676	549,676	522,676	365,021	151,939	5,716
Assessors							
Personal services.....	-	195,469	195,469	195,469	185,049	-	10,420
Purchase of services.....	75	6,880	6,955	6,955	4,845	70	2,040
Materials and supplies.....	-	500	500	500	332	-	168
Total.....	75	202,849	202,924	202,924	190,226	70	12,628
Treasurer/Collector							
Personal services.....	-	263,222	263,222	263,222	260,897	-	2,325
Purchase of services.....	1,040	73,300	74,340	74,340	69,611	1,200	3,529
Materials and supplies.....	-	1,575	1,575	1,575	1,420	-	155
Total.....	1,040	338,097	339,137	339,137	331,928	1,200	6,009
Administration							
Personal services.....	-	32,673	32,673	32,673	29,825	-	2,848
Purchase of services.....	7,500	85,000	92,500	92,500	50,866	14,059	27,575
Materials and supplies.....	-	4,200	4,200	4,200	3,950	175	75
Total.....	7,500	121,873	129,373	129,373	84,641	14,234	30,498
Information Technology							
Personal services.....	-	93,853	93,853	93,853	93,853	-	-
Purchase of services.....	4,097	152,145	156,242	156,243	137,549	17,087	1,607
Materials and supplies.....	-	500	500	500	250	-	250
Capital outlay.....	1,806	14,000	15,806	132,806	120,891	-	11,915
Article - GIS and permitting phase II.....	1,787	-	1,787	-	-	-	-
Article - Security cameras harbor area.....	15,000	-	15,000	15,000	15,000	-	-
Article - Replace deprecated IT hardware.....	-	-	-	41,100	-	41,100	-
Total.....	22,690	260,498	283,188	439,502	367,543	58,187	13,772

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Amounts Carried forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Tax foreclosures.....	-	39,000	39,000	39,000	33,738	-	5,262
Cable TV							
Personal services.....	-	90,530	90,530	73,698	73,698	-	-
Purchase of services.....	-	5,000	5,000	2,112	2,112	-	-
Materials and supplies.....	-	3,150	3,150	2,764	2,748	-	16
Capital outlay.....	3,046	17,000	20,046	20,046	20,046	-	-
Total.....	3,046	115,680	118,726	98,620	98,604	-	16
Town Clerk							
Personal services.....	-	154,834	154,834	157,034	156,868	-	166
Purchase of services.....	-	34,090	34,090	31,890	26,197	-	5,693
Materials and supplies.....	-	3,925	3,925	3,925	3,643	-	282
Article - Special election US Senator.....	14,712	-	14,712	-	-	-	-
Article - Voting machines.....	49,500	-	49,500	49,500	43,100	6,400	-
Total.....	64,212	192,849	257,061	242,349	229,808	6,400	6,141
Conservation							
Personal services.....	-	117,071	117,071	117,071	116,319	-	752
Purchase of services.....	4,000	10,800	14,800	14,800	11,231	-	3,569
Materials and supplies.....	-	850	850	850	750	-	100
Total.....	4,000	128,721	132,721	132,721	128,300	-	4,421
Planning Board							
Personal services.....	-	163,475	163,475	163,475	154,830	-	8,645
Purchase of services.....	3,500	9,010	12,510	12,510	11,758	-	752
Materials and supplies.....	-	700	700	700	700	-	-
Total.....	3,500	173,185	176,685	176,685	167,288	-	9,397
Zoning Board of Appeals							
Personal services.....	-	20,464	20,464	20,464	20,464	-	-
Purchase of services.....	69	1,475	1,544	1,544	1,509	-	35
Materials and supplies.....	-	400	400	400	307	-	93
Total.....	69	22,339	22,408	22,408	22,280	-	128
Board of Selectmen/Economic Development							
Purchase of services.....	24,600	83,500	108,100	108,100	77,757	18,625	11,718
Property/Liability Insurance.....	107	489,500	489,607	492,106	489,681	2,350	75
Total General Government.....	754,715	3,340,995	4,095,710	4,184,476	3,381,966	575,974	226,536
Public Safety							
Police							
Personal services.....	-	3,443,673	3,443,673	3,468,673	3,310,696	33,300	124,677
Purchase of services.....	2,924	148,730	151,654	151,653	118,033	-	33,620
Materials and supplies.....	1,718	144,225	145,943	145,942	130,053	5,562	10,327
Capital outlay.....	-	141,500	141,500	141,500	92,668	48,386	446
Article - Radio communications project.....	75,174	-	75,174	75,174	75,174	-	-
Article - PSC monopole and dispatch system.....	-	-	-	250,000	-	250,000	-
Total.....	79,816	3,878,128	3,957,944	4,232,942	3,726,624	337,248	169,070
Fire							
Personal services.....	-	4,277,372	4,277,372	4,267,872	4,232,948	662	34,262
Purchase of services.....	46	87,025	87,071	114,071	108,075	5,170	826
Materials and supplies.....	635	218,775	219,410	199,410	196,700	1,934	776
Article - Defibrillator.....	4,763	-	4,763	-	-	-	-
Article - Deputy command vehicle.....	586	-	586	-	-	-	-
Article - Turn out gear.....	65,741	-	65,741	65,741	65,741	-	-
Article - Ambulance.....	-	-	-	295,000	-	295,000	-
Article - Fire turn out gear.....	-	-	-	70,000	-	70,000	-
Total.....	71,771	4,583,172	4,654,943	5,012,094	4,603,464	372,766	35,864
Inspections							
Personal services.....	-	290,291	290,291	290,291	290,290	-	1
Purchase of services.....	-	12,790	12,790	12,790	12,609	-	181
Materials and supplies.....	-	2,850	2,850	2,850	1,155	-	1,695
Total.....	-	305,931	305,931	305,931	304,054	-	1,877

(Continued)

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

YEAR ENDED JUNE 30, 2016

	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			
Shellfish							
Personal services.....	-	10,621	10,621	10,621	5,000	-	5,621
Purchase of services.....	-	650	650	650	-	-	650
Materials and supplies.....	-	400	400	400	-	-	400
Capital outlay.....	-	200	200	200	-	-	200
Total.....	-	11,871	11,871	11,871	5,000	-	6,871
Total Public Safety.....	151,587	8,779,102	8,930,689	9,562,838	8,639,142	710,014	213,682
Education							
School Committee.....	67,589	34,253,852	34,321,441	34,371,441	34,275,035	91,792	4,614
South Shore Regional School Assessment.....	-	565,989	565,989	565,989	565,989	-	-
Article - School bus.....	5,112	-	5,112	-	-	-	-
Article - Two emergency generators.....	1,936	-	1,936	-	-	-	-
Article - School bus.....	21,052	-	21,052	21,052	21,052	-	-
Article - Carpeting various schools.....	5,000	-	5,000	5,000	-	5,000	-
Article - Gates feasibility study.....	5,210	-	5,210	-	-	-	-
Article - Handicapped accessible van.....	9,000	-	9,000	-	-	-	-
Article - High School generator.....	16,170	-	16,170	16,170	-	16,170	-
Article - Jenkins school playground stairs.....	33,000	-	33,000	33,000	24,692	8,308	-
Article - System wide carpet.....	8,906	-	8,906	8,906	-	8,906	-
Article - School painting.....	50,000	-	50,000	50,000	6,580	43,420	-
Article - Gates ramp and fire escape.....	75,000	-	75,000	75,000	26,299	48,701	-
Article - Jenkins outside stairs.....	50,000	-	50,000	50,000	-	50,000	-
Article - Hatherly & Cushing flat roof repair.....	-	-	-	280,000	4,200	275,800	-
Article - School technology.....	-	-	-	100,000	-	100,000	-
Total Education.....	347,975	34,819,841	35,167,816	35,576,558	34,923,847	648,097	4,614
Public Works							
Public Works							
Personal services.....	-	1,465,995	1,465,995	1,435,995	1,367,739	13,700	54,556
Purchase of services.....	11,993	456,325	468,318	489,152	450,625	27,017	11,510
Materials and supplies.....	3,313	281,725	285,038	285,037	255,029	281	29,727
Capital outlay.....	367,520	416,400	783,920	783,920	447,035	331,381	5,504
Article - DPW survey equipment.....	13,377	-	13,377	13,377	-	13,377	-
Article - 1 ton dump truck - highway.....	1,146	-	1,146	-	-	-	-
Article - Asphalt reclamation system.....	400	-	400	-	-	-	-
Article - DPW vehicles.....	1,897	-	1,897	-	-	-	-
Article - Stormwater compliance.....	34,572	-	34,572	34,572	-	34,572	-
Article - Public grounds loader.....	11,617	-	11,617	-	-	-	-
Article - Stormwater compliance.....	50,000	-	50,000	50,000	-	50,000	-
Article - 2 ton highway roller.....	500	-	500	-	-	-	-
Article - Cudworth cemetery.....	36,385	-	36,385	36,385	36,385	-	-
Article - FEMA Hurricane Sandy Town share.....	66,238	-	66,238	66,238	-	66,238	-
Article - Foreshore protection.....	200,000	-	200,000	200,000	200,000	-	-
Article - Diesel tank.....	29,773	-	29,773	29,773	-	29,773	-
Article - Roadway improvements.....	192,215	-	192,215	192,215	29,397	162,818	-
Article - Cudworth cemetery.....	85,000	-	85,000	85,000	55,735	29,265	-
Article - Dump trucks.....	60,000	-	60,000	60,000	60,000	-	-
Article - Foreshore protection.....	-	-	-	200,000	-	200,000	-
Article - Design and engineering of culverts.....	-	-	-	50,000	-	50,000	-
Article - DPW vehicles.....	-	-	-	160,000	-	160,000	-
Article - Road and sidewalk improvements.....	-	-	-	158,000	1,070	156,930	-
Total.....	1,165,946	2,620,445	3,786,391	4,329,664	2,903,015	1,325,352	101,297
Facilities							
Personal services.....	-	232,805	232,805	232,805	230,317	-	2,488
Purchase of services.....	106	133,810	133,916	133,916	130,531	807	2,578
Materials and supplies.....	10	15,750	15,760	15,760	15,722	-	38
Capital outlay.....	59,903	163,149	223,052	211,552	102,659	98,051	10,842
Article - Town hall ventilation.....	35,000	-	35,000	35,000	-	35,000	-
Total.....	95,019	545,514	640,533	629,033	479,229	133,858	15,946
Snow and Ice							
Personal services.....	-	87,109	87,109	54,101	54,070	-	31
Purchase of services.....	-	192,001	192,001	223,230	223,230	-	-
Materials and supplies.....	-	218,002	218,002	289,946	289,945	-	1
Total.....	-	497,112	497,112	567,277	567,245	-	32
Emergency Storm Clean Up							
Purchase of services.....	257,297	-	257,297	257,297	213,356	39,635	4,306
Materials and supplies.....	35,600	-	35,600	35,600	30,324	-	5,276
Total.....	292,897	-	292,897	292,897	243,680	39,635	9,582

(Continued)

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

YEAR ENDED JUNE 30, 2016

	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			
Street Lights and Beacons							
Purchase of services.....	-	200,000	200,000	200,000	200,000	-	-
Total Public Works.....	1,553,862	3,863,071	5,416,933	6,018,871	4,393,169	1,498,845	126,857
Human Services							
Board of Health							
Personal services.....	-	126,927	126,927	126,927	124,374	-	2,553
Purchase of services.....	-	7,530	7,530	7,530	6,925	-	605
Materials and supplies.....	-	1,625	1,625	1,625	1,563	-	62
Capital outlay.....	-	200	200	200	175	-	25
Total.....	-	136,282	136,282	136,282	133,037	-	3,245
Council on Aging							
Personal services.....	-	268,079	268,079	268,079	253,087	-	14,992
Purchase of services.....	2,234	38,960	41,194	41,194	38,299	2,442	453
Materials and supplies.....	-	6,000	6,000	6,000	5,979	-	21
Capital outlay.....	-	1,200	1,200	1,200	-	-	1,200
Total.....	2,234	314,239	316,473	316,473	297,365	2,442	16,666
Veterans' Benefits/Services							
Personal services.....	-	75,224	75,224	75,224	73,747	-	1,477
Purchase of services.....	7,000	135,000	142,000	142,000	105,050	7,450	29,500
Materials and supplies.....	-	1,250	1,250	1,250	1,096	-	154
Total.....	7,000	211,474	218,474	218,474	179,893	7,450	31,131
Commission on Disabilities							
Purchase of services.....	-	4,750	4,750	4,750	162	-	4,588
Materials and supplies.....	-	250	250	250	248	-	2
Total.....	-	5,000	5,000	5,000	410	-	4,590
Total Human Services.....	9,234	666,995	676,229	676,229	610,705	9,892	55,632
Culture and Recreation							
Library							
Personal services.....	-	769,918	769,918	769,918	602,295	-	167,623
Purchase of services.....	2,000	67,098	69,098	69,098	59,618	-	9,480
Materials and supplies.....	4,793	124,850	129,643	129,644	127,923	-	1,721
Capital outlay.....	-	10,600	10,600	10,600	4,701	-	5,899
Total.....	6,793	972,466	979,259	979,260	794,537	-	184,723
Recreation							
Personal services.....	-	133,467	133,467	133,467	133,467	-	-
Purchase of services.....	-	800	800	800	450	-	350
Materials and supplies.....	-	250	250	250	218	-	32
Capital outlay.....	-	500	500	500	472	-	28
Article - Club boats.....	-	-	-	45,474	-	45,474	-
Total.....	-	135,017	135,017	180,491	134,607	45,474	410
Beautification							
Materials and supplies.....	440	20,000	20,440	20,440	18,183	2,082	175
Historical Buildings							
Purchase of services.....	-	13,000	13,000	13,000	12,533	355	112
Total Culture and Recreation.....	7,233	1,140,483	1,147,716	1,193,191	959,860	47,911	185,420
Debt Service							
Principal.....	-	8,511,059	8,511,059	4,459,856	4,459,856	-	-
Interest.....	-	-	-	2,480,612	2,480,612	-	-
Article - Transfer station debt paydown.....	404,069	-	404,069	378,069	377,422	647	-
Total Debt Service.....	404,069	8,511,059	8,915,128	7,318,537	7,317,890	647	-

(Continued)

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

YEAR ENDED JUNE 30, 2016

	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.....	-	26,620	26,620	26,620	26,620	-	-
Plymouth County Retirement.....	-	4,424,602	4,424,602	4,141,767	4,141,767	-	-
Workers' Compensation.....	-	257,000	257,000	257,000	257,000	-	-
Unemployment Insurance.....	10,000	75,000	85,000	65,000	40,092	2,500	22,408
Contributory Group Insurance.....	82,665	5,050,266	5,132,931	5,057,931	4,812,554	2,672	242,705
Employee Benefits.....	-	652,115	652,115	934,950	934,950	-	-
State and county charges.....	-	530,824	530,824	530,824	561,038	-	(30,214)
TOTAL EXPENDITURES.....	3,321,340	72,137,973	75,459,313	75,544,792	71,000,600	3,496,552	1,047,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,321,340)	(590,095)	(3,911,435)	(5,553,505)	830,826	(3,496,552)	2,887,779
OTHER FINANCING SOURCES (USES):							
Premium from issuance of bonds.....	-	-	-	-	22,597	-	22,597
Transfers in.....	-	1,202,513	1,202,513	2,188,517	2,195,450	-	6,933
Transfers out.....	-	(1,040,807)	(1,040,807)	(7,424,309)	(7,424,309)	-	-
TOTAL OTHER FINANCING SOURCES (USES)...	-	161,706	161,706	(5,235,792)	(5,206,262)	-	29,530
NET CHANGE IN FUND BALANCE.....	(3,321,340)	(428,389)	(3,749,729)	(10,789,297)	(4,375,436)	(3,496,552)	2,917,309
BUDGETARY FUND BALANCE, Beginning of year.....	-	11,910,359	11,910,359	11,910,359	11,910,359	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (3,321,340)	\$ 11,481,970	\$ 8,160,630	\$ 1,121,062	\$ 7,534,923	\$ (3,496,552)	\$ 2,917,309

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

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

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

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 CONTRIBUTIONS
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2015</u>
Actuarially determined contribution.....	\$ 3,912,145	\$ 4,141,767
Contributions in relation to the actuarially determined contribution.....	<u>(3,912,145)</u>	<u>(4,141,767)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll.....	 \$ 16,533,286	 \$ 17,153,284
 Contributions as a percentage of covered- employee payroll.....	 23.66%	 24.15%

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

See notes to required supplementary information.

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

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

<u>Fiscal Year</u>	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
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 Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Value of Assets (A)	Liability (AAL) Projected Unit Cost (B)	AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 60,252,654	\$ 60,252,654	0.00%	N/A	N/A
7/1/2012	-	65,117,566	65,117,566	0.00%	N/A	N/A
7/1/2010	-	53,916,330	53,916,330	0.00%	N/A	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions	Total Percentage Contributed
6/30/2016	\$ 4,575,248	\$ 1,970,330	43.1%
6/30/2015	4,396,050	2,167,131	49.3%
6/30/2014	5,568,342	1,921,119	34.5%
6/30/2013	5,320,551	2,015,132	37.9%
6/30/2012	5,368,371	1,890,814	35.2%
6/30/2011	5,100,217	1,735,058	34.0%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

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

See notes to required supplementary information.

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

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

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

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

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

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2016 approved budget for the general fund includes \$73.2 million in current year appropriations and other amounts to be raised and \$3.3 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$6.5 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, 2016, is presented below:

Net change in fund balance - budgetary basis.....	\$ (4,375,436)
<u>Perspective difference:</u>	
Funds recorded in the General Fund for GAAP:	
Stabilization Fund.....	(27,932)
Workers' Compensation Fund.....	(35,081)
<u>Basis of accounting differences:</u>	
Net change in revenue accruals.....	96,718
Recognition of revenue for on-behalf payments.....	6,353,247
Recognition of expenditures for on-behalf payments.....	<u>(6,353,247)</u>
Net change in fund balance - GAAP basis.....	<u>\$ (4,341,731)</u>

C. Appropriation Deficits

During 2016, expenditures exceeded the budgeted appropriation for state and county charges. The final budget is estimated by the state during the budget process and the Town has no control over the final charges.

NOTE B – PENSION PLAN

Pension Plan Schedules

A. Schedule of the Town’s Proportionate Share of the Net Pension Liability

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

B. Schedule of Town’s Contributions

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

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding

situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions – None.

E. Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

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

Combining and Individual Fund Statements

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

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

Individual fund statements offer more descriptive account information.

Nonmajor Governmental Funds

Special Revenue Funds:

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

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

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

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

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

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

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

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

Capital Projects Funds:

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

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

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

Permanent Fund:

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET**

JUNE 30, 2016

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
ASSETS						
Cash and cash equivalents.....	\$ -	\$ 842,854	\$ 388,309	\$ 240,233	\$ 4,154,849	\$ -
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	5,903	-
Special assessments.....	-	-	-	-	-	-
Intergovernmental.....	15,488	45,472	-	166,284	-	1,795,323
Due from other funds.....	-	-	-	-	671,741	-
TOTAL ASSETS.....	\$ 15,488	\$ 888,326	\$ 388,309	\$ 406,517	\$ 4,832,493	\$ 1,795,323
LIABILITIES						
Warrants payable.....	\$ 1,161	\$ 35,013	\$ 8,137	\$ 39,304	\$ 148,657	\$ 146,456
Accrued payroll.....	9,317	12,038	-	9,620	43,841	-
Due to other funds.....	5,010	-	-	-	-	666,731
TOTAL LIABILITIES.....	15,488	47,051	8,137	48,924	192,498	813,187
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	5,903	977,783
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	-	841,275	380,172	357,593	4,634,092	4,353
TOTAL FUND BALANCES.....	-	841,275	380,172	357,593	4,634,092	4,353
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 15,488	\$ 888,326	\$ 388,309	\$ 406,517	\$ 4,832,493	\$ 1,795,323

(continued)

Special Revenue Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Title V Program	Subtotal	School Capital Projects	Library Renovation	Subtotal	Town Trust Fund	
\$ 27,733	\$ 5,653,978	\$ -	\$ 3,519,605	\$ 3,519,605	\$ 552,271	\$ 9,725,854
-	5,903	-	-	-	-	5,903
2,500	2,500	-	-	-	-	2,500
-	2,022,567	-	-	-	-	2,022,567
-	671,741	-	-	-	-	671,741
<u>\$ 30,233</u>	<u>\$ 8,356,689</u>	<u>\$ -</u>	<u>\$ 3,519,605</u>	<u>\$ 3,519,605</u>	<u>\$ 552,271</u>	<u>\$ 12,428,565</u>
\$ -	\$ 378,728	\$ -	\$ 10,951	\$ 10,951	\$ 7,536	\$ 397,215
-	74,816	-	-	-	1,403	76,219
-	671,741	-	-	-	-	671,741
-	1,125,285	-	10,951	10,951	8,939	1,145,175
2,500	986,186	-	-	-	-	986,186
-	-	-	-	-	27,051	27,051
27,733	6,245,218	-	3,508,654	3,508,654	516,281	10,270,153
27,733	6,245,218	-	3,508,654	3,508,654	543,332	10,297,204
<u>\$ 30,233</u>	<u>\$ 8,356,689</u>	<u>\$ -</u>	<u>\$ 3,519,605</u>	<u>\$ 3,519,605</u>	<u>\$ 552,271</u>	<u>\$ 12,428,565</u>

(concluded)

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

YEAR ENDED JUNE 30, 2016

	Special Revenue Funds					
	School Lunch	School Gifts & Grants	School Revolving	Town Gifts & Grants	Town Revolving	Highway Improvements
REVENUES:						
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ 282,865	\$ -
Fines and forfeitures.....	-	-	-	-	-	-
Intergovernmental.....	172,730	2,344,135	-	1,297,424	61,948	943,716
Departmental and other.....	619,645	-	1,499,614	-	1,972,852	-
Contributions.....	-	-	66,446	-	54,027	-
Investment income.....	12	-	-	21	956	-
TOTAL REVENUES.....	792,387	2,344,135	1,566,060	1,297,445	2,372,648	943,716
EXPENDITURES:						
Current:						
General government.....	-	-	-	487,257	845,284	-
Public safety.....	-	-	-	253,817	18,509	-
Education.....	788,969	1,810,396	1,558,197	-	-	-
Public works.....	-	-	-	307,793	327,140	943,716
Human services.....	-	-	-	142,213	83,746	-
Culture and recreation.....	-	-	-	12,644	346,388	-
TOTAL EXPENDITURES.....	788,969	1,810,396	1,558,197	1,203,724	1,621,067	943,716
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,418	533,739	7,863	93,721	751,581	-
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	-	-	-	20,106	-
Transfers out.....	-	-	-	(54,400)	(473,044)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(54,400)	(452,938)	-
NET CHANGE IN FUND BALANCES.....	3,418	533,739	7,863	39,321	298,643	-
FUND BALANCES AT BEGINNING OF YEAR.....	(3,418)	307,536	372,309	318,272	4,335,449	4,353
FUND BALANCES AT END OF YEAR.....	\$ -	\$ 841,275	\$ 380,172	\$ 357,593	\$ 4,634,092	\$ 4,353

(continued)

Special Revenue Funds		Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
Title V Program	Subtotal	School Capital Projects	Library Renovation	Subtotal	Town Trust Fund	
\$ -	\$ 282,865	\$ -	\$ -	\$ -	\$ -	\$ 282,865
-	-	-	-	-	1,640	1,640
-	4,819,953	-	997,096	997,096	-	5,817,049
650	4,092,761	-	-	-	-	4,092,761
-	120,473	-	100,000	100,000	319,880	540,353
-	989	-	8,511	8,511	876	10,376
650	9,317,041	-	1,105,607	1,105,607	322,396	10,745,044
-	1,332,541	-	-	-	-	1,332,541
-	272,326	-	-	-	57,903	330,229
-	4,157,562	-	-	-	-	4,157,562
-	1,578,649	-	-	-	-	1,578,649
-	225,959	-	-	-	-	225,959
-	359,032	-	4,491,238	4,491,238	34,816	4,885,086
-	7,926,069	-	4,491,238	4,491,238	92,719	12,510,026
650	1,390,972	-	(3,385,631)	(3,385,631)	229,677	(1,764,982)
-	20,106	-	465,000	465,000	-	485,106
(6,858)	(534,302)	(84,657)	-	(84,657)	-	(618,959)
(6,858)	(514,196)	(84,657)	465,000	380,343	-	(133,853)
(6,208)	876,776	(84,657)	(2,920,631)	(3,005,288)	229,677	(1,898,835)
33,941	5,368,442	84,657	6,429,285	6,513,942	313,655	12,196,039
\$ 27,733	\$ 6,245,218	\$ -	\$ 3,508,654	\$ 3,508,654	\$ 543,332	\$ 10,297,204

(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, 2016

	July 1, 2015	Additions	Deletions	June 30, 2016
ASSETS				
Cash and cash equivalents.....	\$ 914,428	\$ 184,367	\$ (7,198)	\$ 1,091,597
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	100,788	123,171	(100,788)	123,171
TOTAL ASSETS.....	\$ 1,015,216	\$ 307,538	\$ (107,986)	\$ 1,214,768
LIABILITIES				
Warrants payable.....	\$ 12,911	\$ 47,883	\$ (12,911)	\$ 47,883
Accrued liabilities.....	17,045	26,369	(17,045)	26,369
Liabilities due depositors.....	955,260	233,286	(78,030)	1,110,516
Other liabilities.....	30,000	-	-	30,000
TOTAL LIABILITIES.....	\$ 1,015,216	\$ 307,538	\$ (107,986)	\$ 1,214,768

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Statistical Section

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



Bailey Ellis House Roof

Rehabilitation work on the historic Bailey Ellis House continued with Community Preservation funding to address roof, gutter, drainage and accessibility issues.

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

	2007	2008	2009	2010	2011	2012	2013	(1) 2014	2015	2016
Governmental activities										
Net investment in capital assets.....	\$ 49,183,701	\$ 49,384,451	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964	\$ 58,009,621	\$ 74,483,888
Restricted.....	496,936	18,242	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873
Unrestricted.....	16,031,337	17,329,409	13,013,951	27,219	1,208,526	413,970	(2,073,085)	(37,686,872)	(39,543,990)	(41,330,572)
Total governmental activities net position.....	\$ 65,711,974	\$ 66,732,102	\$ 62,653,917	\$ 63,658,270	\$ 63,298,355	\$ 64,965,347	\$ 63,308,767	\$ 30,436,038	\$ 33,431,886	\$ 44,206,189
Business-type activities										
Net investment in capital assets.....	\$ 29,353,547	\$ 35,825,501	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580	\$ 30,168,211	\$ 33,793,072
Restricted.....	-	2,405,520	4,352,481	-	-	-	-	-	-	-
Unrestricted.....	3,161,780	1,672,984	943,745	4,725,581	15,346,008	14,228,936	13,527,535	15,231,833	15,476,554	12,603,082
Total business-type activities net position.....	\$ 32,515,327	\$ 39,904,005	\$ 40,733,335	\$ 40,264,718	\$ 40,577,119	\$ 40,801,924	\$ 41,052,270	\$ 44,180,413	\$ 45,644,765	\$ 46,396,154
Primary government										
Net investment in capital assets.....	\$ 78,537,248	\$ 85,209,952	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544	\$ 88,177,832	\$ 108,276,960
Restricted.....	496,936	2,423,762	4,152,972	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873
Unrestricted.....	19,193,117	19,002,393	13,957,696	4,752,800	16,554,534	14,642,906	11,454,450	13,625,773	(24,067,436)	(28,727,490)
Total primary government net position.....	\$ 98,227,301	\$ 106,636,107	\$ 103,387,252	\$ 103,922,988	\$ 103,875,474	\$ 105,767,271	\$ 104,361,037	\$ 110,697,263	\$ 79,076,651	\$ 90,602,343

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

Source: Audited Financial Statements

Changes in Net Position

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government.....	\$ 1,406,392	\$ 1,720,578	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125	\$ 4,876,844	\$ 5,984,034
Public safety.....	7,560,671	7,610,879	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321	13,092,547	12,078,310
Education.....	28,924,141	33,878,524	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980	49,944,296	53,653,828
Public works.....	5,011,328	2,760,936	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895	6,767,282	6,784,427
Human services.....	550,253	663,160	640,542	646,098	929,568	948,776	1,125,471	1,212,812	1,113,052	1,172,068
Culture and recreation.....	1,421,847	1,634,520	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933	2,129,813	2,294,558
Pension and fringe benefits.....	11,284,278	12,886,060	17,687,715	-	-	-	-	-	-	-
State and county charges.....	452,904	440,570	519,199	-	-	-	-	-	-	-
Community Preservation.....	1,209,176	539,094	266,799	-	286,425	59,513	2,480	721,633	155,246	130,760
Interest.....	675,215	659,145	648,430	565,702	925,853	415,187	651,163	566,494	994,681	2,879,164
Total government activities expenses.....	58,496,205	62,793,466	70,822,661	68,997,236	71,285,608	73,886,621	77,418,565	81,114,193	79,073,761	84,977,149
Business-type activities:										
Water.....	2,042,407	2,382,885	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201	2,664,040	3,755,045
Sewer.....	2,860,336	3,059,799	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252	3,188,094	2,935,172
Transfer Station.....	1,161,043	1,120,254	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911	953,805	1,228,775
Golf.....	1,163,634	1,120,329	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694	1,004,683	1,101,808
Waterways.....	880,941	890,446	859,709	911,562	971,278	934,540	861,637	837,378	896,952	1,401,768
Total business-type activities expenses.....	8,108,361	8,573,713	8,614,108	9,048,002	8,931,004	8,524,913	8,278,148	7,600,436	8,707,579	10,422,568
Total primary government expenses.....	\$ 66,604,566	\$ 71,367,179	\$ 79,436,769	\$ 78,045,238	\$ 80,216,612	\$ 82,411,534	\$ 85,696,713	\$ 88,714,629	\$ 87,781,340	\$ 95,399,717
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 1,947,503	\$ 1,772,918	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243	\$ 1,953,724	\$ 2,110,824
Public works charges for services.....	54,642	55,561	40,441	1,385,721	21,373	132,668	497,826	590,965	654,143	660,659
Culture and recreation charges for services.....	434,139	439,177	455,492	588,397	392,099	429,036	408,533	401,894	435,018	434,336
Other charges for services.....	1,677,612	1,871,175	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181	3,032,230	3,387,990
Operating grants and contributions.....	12,620,858	14,028,181	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683	13,015,067	16,097,906
Capital grant and contributions.....	1,172,340	220,938	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565	4,496,678	7,304,433
Total government activities program revenues.....	17,907,094	18,387,950	20,134,342	23,120,244	21,179,380	22,882,624	21,279,589	23,386,531	23,586,860	29,996,148
Business-type activities:										
Charges for services - water.....	2,453,013	2,731,326	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697	4,160,555	4,680,171
Charges for services - sewer.....	1,294,322	1,077,791	2,385,755	1,602,906	1,643,983	1,682,559	1,778,510	1,732,988	1,386,987	2,096,817
Charges for services - transfer station.....	930,776	888,102	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259	1,202,974	1,168,672
Charges for services - golf.....	1,251,353	1,257,621	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170	1,255,771	1,350,468
Charges for services - waterways.....	872,634	872,831	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067	1,043,816	1,119,575
Operating grants and contributions.....	97,684	593,369	611,006	132,208	35,300	16,237	1,725	238,088	213,160	184,361
Capital grant and contributions.....	481,262	7,997,012	-	571,042	1,309,128	692,556	188,126	6,430,626	688,590	480,722
Total business-type activities program revenues.....	7,386,044	15,418,052	9,169,219	8,147,971	9,095,093	8,639,351	8,450,983	14,269,895	9,951,853	11,080,786
Total primary government program revenues.....	\$ 25,293,138	\$ 33,806,002	\$ 29,303,561	\$ 31,268,215	\$ 30,274,473	\$ 31,521,975	\$ 29,730,572	\$ 37,656,426	\$ 33,538,713	\$ 41,076,934
Net (Expense)/Revenue										
Governmental activities.....	\$ (40,589,111)	\$ (44,405,516)	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)	\$ (55,486,901)	\$ (54,981,001)
Business-type activities.....	(722,317)	6,844,339	555,111	(900,031)	164,089	114,438	172,835	6,669,459	1,244,274	658,218
Total primary government net expense.....	\$ (41,311,428)	\$ (37,561,177)	\$ (50,133,208)	\$ (46,777,023)	\$ (49,942,139)	\$ (50,889,559)	\$ (55,966,141)	\$ (51,058,203)	\$ (54,242,627)	\$ (54,322,783)
General Revenues and other										
Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 35,745,001	\$ 40,030,120	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148	\$ 51,463,244	\$ 57,633,851
Motor vehicle and other excise taxes.....	2,293,988	2,282,228	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956	3,026,616	3,198,586
Community preservation taxes.....	-	-	-	-	992,107	1,070,846	1,105,543	1,158,916	1,201,728	1,355,633
Penalties and interest on taxes.....	-	-	413,014	367,174	465,049	535,272	447,439	640,163	446,774	487,036
Payments in lieu of taxes.....	-	-	-	-	-	-	-	-	19,601	20,370
Grants and contributions not restricted to specific programs.....	2,512,898	2,654,850	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158	1,938,534	2,305,361
Unrestricted investment income.....	1,070,123	717,397	339,229	188,874	102,462	74,257	55,527	88,567	186,336	611,498
Gain on sale of capital assets.....	-	-	-	-	32,277	32,690	-	-	-	-
Miscellaneous.....	216,540	285,388	3,441	-	219,218	284,355	576,098	679,700	311,551	71,543
Transfers.....	(788,482)	(544,339)	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)	(111,635)	71,426
Total governmental activities.....	41,050,068	45,425,644	46,610,134	46,724,820	49,446,573	52,670,989	54,482,396	57,297,369	58,482,749	65,755,304
Business-type activities:										
Boat excise taxes.....	n/a	n/a	n/a	n/a	43,153	41,136	36,042	39,821	40,363	40,695
Tax liens.....	-	-	-	-	-	-	-	-	42,128	57,333
Unrestricted investment income.....	-	-	-	-	-	-	-	-	25,952	66,569
Transfers.....	788,482	544,339	274,219	249,436	105,159	69,231	41,469	57,239	111,635	(71,426)
Total business-type activities.....	788,482	544,339	274,219	249,436	148,312	110,367	77,511	97,060	220,078	93,171
Total primary government.....	\$ 41,838,550	\$ 45,969,983	\$ 46,884,353	\$ 46,974,256	\$ 49,594,885	\$ 52,781,356	\$ 54,559,907	\$ 57,394,429	\$ 58,702,827	\$ 65,848,475
Changes in Net Position										
Governmental activities.....	\$ 460,957	\$ 1,020,128	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)	\$ 2,995,848	\$ 10,774,303
Business-type activities.....	66,165	7,388,678	829,330	(650,595)	312,401	224,805	250,346	6,766,519	1,464,352	751,389
Total primary government.....	\$ 527,122	\$ 8,408,806	\$ (3,248,855)	\$ 197,233	\$ (347,254)	\$ 1,891,797	\$ (1,406,234)	\$ 6,336,226	\$ 4,460,200	\$ 11,525,692

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

Fund Balances, Governmental Funds

Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved.....	\$ 2,286,908	\$ 1,592,931	\$ 979,933	\$ 1,961,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,187,179	534,398	626,910	1,715,555	-	-	-	-	-	-
Restricted.....	-	-	-	-	86,767	86,767	454,518	530,298	5,649,548	501,782
Committed.....	-	-	-	-	-	327,128	959,038	1,936,899	2,083,919	2,547,389
Assigned.....	-	-	-	-	1,260,786	1,255,617	1,308,703	1,025,883	1,662,421	949,163
Unassigned.....	-	-	-	-	5,276,801	6,863,867	6,645,152	6,966,806	6,646,114	7,701,937
Total general fund.....	\$ 3,474,087	\$ 2,127,329	\$ 1,606,843	\$ 3,677,039	\$ 6,624,354	\$ 8,533,379	\$ 9,367,411	\$ 10,459,886	\$ 16,042,002	\$ 11,700,271
All Other Governmental Funds										
Reserved.....	\$ 10,601,464	\$ 10,938,194	\$ 11,732,402	\$ 9,362,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	1,408,045	2,977,148	2,325,982	2,841,657	-	-	-	-	-	-
Capital projects funds.....	(2,910,213)	(594,121)	(1,415,510)	(1,661,998)	-	-	-	-	-	-
Permanent funds.....	496,936	612,363	1,216,002	402,398	-	-	-	-	-	-
Nonspendable.....	-	-	-	-	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
Unassigned.....	-	-	-	-	-	(851,672)	(177,208)	(144,534)	(3,418)	-
Total all other governmental funds.....	\$ 9,596,232	\$ 13,933,584	\$ 13,858,876	\$ 10,944,816	\$ 11,952,468	\$ 13,883,614	\$ 16,915,154	\$ 15,218,694	\$ 81,191,641	\$ 67,961,882

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

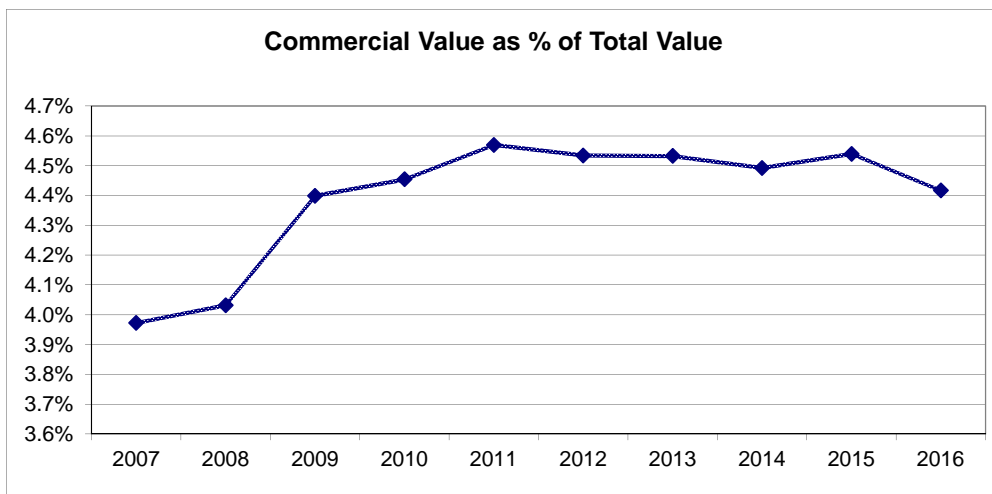
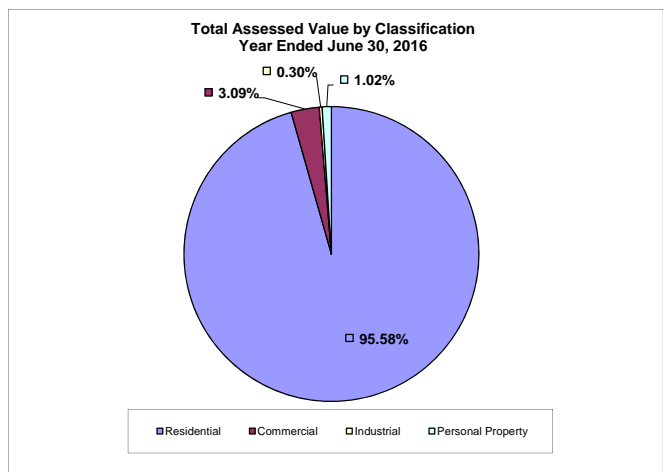
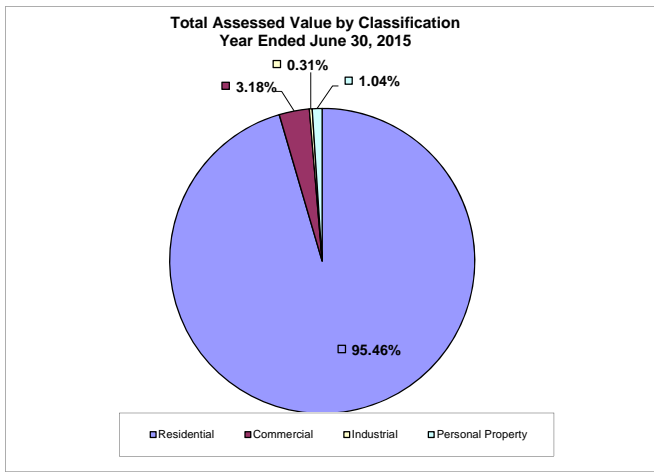
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 34,753,273	\$ 38,310,697	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979	\$ 51,176,629	\$ 57,169,767
Tax liens.....	-	-	-	-	-	-	-	-	415,491	472,610
Motor vehicle and other excise taxes.....	2,336,044	2,325,182	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763	3,025,388	3,188,658
Penalties and interest.....	231,409	295,176	413,014	367,174	420,610	498,556	351,965	403,063	422,000	451,408
Fees.....	-	-	-	139,064	197,399	204,034	1,338,592	419,408	504,848	547,967
Licenses and permits.....	580,033	697,481	490,717	515,326	707,500	715,175	880,443	812,414	812,387	932,531
Fines and forfeitures.....	73,586	67,496	80,288	131,502	103,033	80,716	95,779	99,660	68,513	76,842
Intergovernmental.....	16,134,771	16,602,433	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358	18,044,124	25,491,847
Departmental and other.....	3,460,708	3,305,664	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874	5,066,629	5,221,152
Community Preservation surtax.....	840,630	935,660	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312	1,203,127	1,355,659
Contributions.....	171,325	301,536	449,298	434,265	145,106	122,159	197,296	170,014	696,070	540,353
Investment income.....	1,070,123	717,396	367,970	188,874	123,988	91,962	76,516	110,983	186,336	611,498
Total Revenues.....	59,651,902	63,558,721	67,126,530	70,375,039	70,179,223	76,054,996	75,592,664	80,276,828	81,621,542	96,060,292
Expenditures:										
General government.....	2,002,258	2,209,366	2,963,035	4,658,782	3,401,320	3,320,198	2,771,675	3,165,334	3,698,541	4,623,030
Public safety.....	6,462,840	6,935,420	7,217,919	6,113,358	7,170,482	7,828,098	8,041,331	7,994,485	9,040,139	8,470,823
Education.....	27,423,677	32,417,689	32,021,797	29,372,300	31,902,376	34,919,094	35,331,405	37,517,551	38,165,191	39,023,838
Public works.....	4,326,200	2,566,792	4,509,501	3,960,124	3,166,808	2,416,924	4,200,037	3,412,676	4,488,000	4,280,588
Human services.....	-	650,273	666,849	486,029	490,552	499,515	618,433	712,977	800,743	836,664
Culture and recreation.....	2,623,426	1,276,636	1,673,607	1,659,953	1,388,571	1,425,568	1,494,656	1,533,887	1,535,932	1,711,110
Community preservation.....	557,637	25,840	78,529	621,712	286,425	59,513	2,480	721,633	126,257	81,681
Pension benefits.....	-	-	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	8,032,901	10,521,634
Employee benefits.....	11,249,825	12,812,347	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426	5,757,387	6,080,414
State and county charges.....	452,904	440,570	519,199	547,726	520,678	472,015	445,762	476,139	499,806	561,038
Capital outlay.....	5,693,872	4,485,386	1,645,315	6,680,329	3,643,219	4,979,559	3,521,008	6,325,715	9,252,829	31,225,154
Debt service:										
Principal.....	854,287	879,114	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879	1,581,856	4,459,856
Principal - current refunding.....	-	-	-	-	-	-	-	-	4,818,188	564,514
Interest.....	657,190	662,856	663,957	692,885	771,919	579,727	488,798	584,080	533,531	2,835,437
Total Expenditures.....	62,304,116	65,362,289	67,447,506	70,969,456	69,812,951	74,023,095	75,088,623	81,063,511	88,331,301	115,275,781
Excess (deficiency) of revenues over (under) expenditures.....	(2,652,214)	(1,803,568)	(320,976)	(594,417)	366,272	2,031,901	504,041	(786,683)	(6,709,759)	(19,215,489)
Other Financing Sources (Uses):										
Issuance from bonds and notes.....	-	5,338,500	-	-	3,245,470	1,859,021	3,403,000	-	68,258,000	-
Issuance from refunding bonds.....	-	-	-	-	-	-	-	-	4,205,000	529,100
Premium from issuance of bonds and notes.....	-	-	-	-	148,644	18,480	-	-	5,300,269	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	-	613,188	35,414
Capital lease financing.....	-	-	-	-	-	-	-	239,937	-	1,008,059
Transfers in.....	1,744,587	1,594,015	700,000	-	1,691,667	932,770	940,174	1,814,552	2,131,049	7,492,109
Transfers out.....	(2,533,069)	(2,138,353)	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)	(2,242,684)	(7,420,683)
Total other financing sources (uses).....	(788,482)	4,794,162	(274,218)	3,365,070	3,288,955	1,808,270	3,361,531	182,698	78,264,822	1,643,999
Net change in fund balance.....	\$ (3,440,696)	2,990,594	(595,194)	2,770,653	\$ 3,655,227	\$ 3,840,171	\$ 3,865,572	(603,985)	\$ 71,555,063	\$ (17,571,490)
Debt service as a percentage of noncapital expenditures.....	2.43%	2.36%	3.47%	3.07%	3.20%	2.77%	2.53%	2.90%	7.85%	6.82%

Notes:

Prior to 2008, the Town reported human services expenditures with culture and recreation.
 Prior to 2010, the Town reported pension benefits with employee benefits.
 Prior to 2010, the Town reported fees with departmental and other revenues.
 Prior to 2015, the Town reported tax liens with real estate and personal property taxes, net of tax refunds.

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2007	\$4,049,283,488	\$8.31	\$130,959,842	\$6,048,900	\$30,498,320	\$167,507,062	\$8.31	4.0%	\$ 8.31	\$4,216,790,550
2008	\$4,072,204,708	\$9.22	\$131,446,292	\$5,877,500	\$33,776,310	\$171,100,102	\$9.22	4.0%	\$ 9.22	\$4,243,304,810
2009	(1) \$4,029,488,420	\$9.68	\$138,848,190	\$6,152,800	\$40,416,000	\$185,416,990	\$9.68	4.4%	\$ 9.68	\$4,214,905,410
2010	\$3,804,980,088	\$10.56	\$130,039,832	\$5,585,400	\$41,772,270	\$177,397,502	\$10.56	4.5%	\$ 10.56	\$3,982,377,590
2011	\$3,675,696,207	\$11.25	\$127,662,193	\$5,585,400	\$42,758,110	\$176,005,703	\$11.25	4.6%	\$ 11.25	\$3,851,701,910
2012	(1) \$3,610,700,846	\$12.34	\$127,007,544	\$5,181,100	\$39,308,800	\$171,497,444	\$12.34	4.5%	\$ 12.34	\$3,782,198,290
2013	\$3,608,700,390	\$12.72	\$126,075,000	\$5,181,100	\$40,087,220	\$171,343,320	\$12.72	4.5%	\$ 12.72	\$3,780,043,710
2014	\$3,654,706,380	\$13.05	\$125,105,420	\$9,112,700	\$37,686,890	\$171,905,010	\$13.05	4.5%	\$ 13.05	\$3,826,611,390
2015	(1) \$3,763,130,865	\$13.10	\$125,426,835	\$12,415,000	\$41,124,550	\$178,966,385	\$13.10	4.5%	\$ 13.10	\$3,942,097,250
2016	\$3,901,948,229	\$14.14	\$126,200,871	\$12,415,000	\$41,692,030	\$180,307,901	\$13.10	4.4%	\$ 14.14	\$4,082,256,130



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

The Town is not subject to any overlapping revenue rates.

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

Principal Taxpayers

Current Year and Nine Years Ago

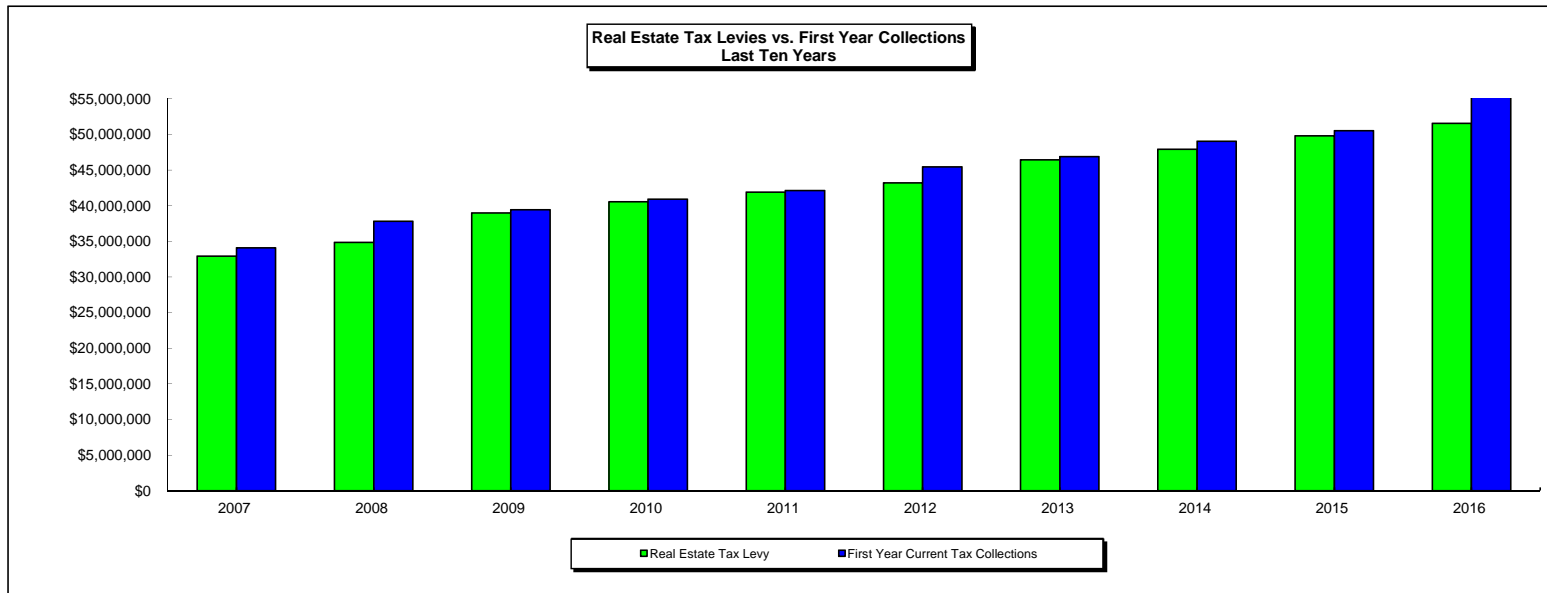
Name	Nature of Business	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bay State Gas Company	Utility	\$ 12,859,140	1	0.32%	\$ 6,154,100	4	0.15%
Massachusetts Electric Company	Utility	10,837,640	2	0.27%	7,683,800	2	0.19%
Abbott P M/Chamberlain Management	Real Estate	7,811,350	3	0.19%	-	-	-
Kent Village Associates	Housing	5,726,100	4	0.14%	5,293,400	5	0.13%
Scituate Solar LLC	Real Estate	5,449,600	5	0.13%	-	-	-
Verizon New England Inc.	Utility	4,715,700	6	0.12%	3,952,600	10	0.10%
Suburban Realty Trust	Real Estate	4,667,900	7	0.11%	4,458,800	9	0.11%
Individual	Residential	4,275,600	8	0.10%	8,904,700	1	0.22%
Hatherly Country Club	Country Club	4,261,570	9	0.10%	-	-	-
South Shore Real Estate	Real Estate	4,194,200	10	0.10%	-	-	-
First Parish Road Co	Real Estate	-	-	-	7,060,400	3	0.17%
Sam Tilden Farm, LLC	Real Estate	-	-	-	4,844,500	6	0.12%
HCRI Massachusetts Property Inc., Trust	Nursing Home	-	-	-	4,753,900	7	0.12%
Roman Catholic Archbishop of Boston	Church Property	-	-	-	4,539,900	8	0.11%
Totals \$		<u>64,798,800</u>		<u>1.59%</u>	<u>\$ 57,646,100</u>		<u>1.42%</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
2007	\$35,041,529	\$166,938	\$34,874,591	99.52%	\$34,096,596	97.77%	\$531,195	\$34,627,791	99.29%
2008	\$39,123,270	\$141,118	\$38,982,152	99.64%	\$37,823,804	97.03%	\$739,620	\$38,563,424	98.93%
2009 (1)	\$40,800,384	\$249,897	\$40,550,487	99.39%	\$39,438,104	97.26%	\$564,340	\$40,002,444	98.65%
2010	\$42,053,907	\$152,088	\$41,901,819	99.64%	\$40,930,180	97.68%	\$489,615	\$41,419,795	98.85%
2011	\$43,334,646	\$115,758	\$43,218,888	99.73%	\$42,119,403	97.46%	\$400,032	\$42,519,435	98.38%
2012 (1)	\$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013	\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$551,114	\$47,433,694	98.95%
2014	\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$474,070	\$49,536,413	99.43%
2015 (1)	\$51,671,474	\$112,627	\$51,558,847	99.78%	\$50,540,571	98.03%	\$453,507	\$50,994,078	98.90%
2016	\$57,723,102	\$275,943	\$57,447,159	99.52%	\$56,886,083	99.02%	\$0	\$56,886,083	99.02%



(1) Revaluation year.

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

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	18,319	\$ 837,398,000	\$ 4,216,790,550	\$ 11,800,711	\$ -	\$644	1.41%	0.28%
2008	18,538	\$ 811,816,000	\$ 4,243,304,810	\$ 16,260,097	\$ -	\$877	2.00%	0.38%
2009	18,313	\$ 763,419,000	\$ 4,214,905,410	\$ 14,585,568	\$ -	\$796	1.91%	0.35%
2010	18,297	\$ 819,169,000	\$ 3,982,377,590	\$ 16,829,570	\$ -	\$920	2.05%	0.42%
2011	17,985	\$ 869,098,000	\$ 3,851,701,910	\$ 14,878,322	\$ -	\$827	1.71%	0.39%
2012	18,234	\$ 902,123,724	\$ 3,782,198,290	\$ 15,263,015	\$ -	\$837	1.69%	0.40%
2013	18,648	\$ 936,404,426	\$ 3,780,043,710	\$ 17,252,157	\$ -	\$925	1.84%	0.46%
2014	18,847	\$ 971,987,794	\$ 3,826,611,390	\$ 15,484,278	\$ 206,248	\$833	1.61%	0.41%
2015	18,847	\$ 1,008,923,330	\$ 3,942,097,250	\$ 87,553,879	\$ 176,890	\$4,655	8.70%	2.23%
2016	18,535	\$ 1,047,262,416	\$ 4,082,256,130	\$ 82,697,642	\$ 1,036,495	\$4,518	8.00%	2.05%

Year	Business-Type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$ 32,174,920	\$ 148,639	\$ 44,124,270	\$2,409	5.27%	1.05%
2008	\$ 31,580,104	\$ 206,854	\$ 48,047,055	\$2,592	5.92%	1.13%
2009	\$ 29,467,207	\$ 166,190	\$ 44,218,965	\$2,415	5.79%	1.05%
2010	\$ 30,117,542	\$ 134,305	\$ 47,081,417	\$2,573	5.75%	1.18%
2011	\$ 31,721,353	\$ 116,999	\$ 46,716,674	\$2,598	5.38%	1.21%
2012	\$ 30,443,774	\$ 65,028	\$ 45,771,817	\$2,510	5.07%	1.21%
2013	\$ 33,747,274	\$ 70,717	\$ 51,070,148	\$2,739	5.45%	1.35%
2014	\$ 30,557,908	\$ 91,624	\$ 46,340,058	\$2,469	4.74%	1.20%
2015	\$ 42,946,188	\$ 127,924	\$ 130,804,881	\$6,940	12.96%	3.32%
2016	\$ 38,750,175	\$ 156,270	\$ 122,640,582	\$6,617	11.71%	3.00%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2016

<u>Town of Scituate, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Debt repaid with property taxes:			
Plymouth County.....\$	2,200,000	6.05%	\$ 133,100
Massachusetts Bay Transportation Authority.....	5,634,750,025	0.076%	4,282,410
South Shore Regional Vocational Technical School District (SSRSD).....	690,000	7.58%	<u>52,302</u>
Estimated share of overlapping debt.....			4,467,812
Town direct debt.....			<u>83,734,137</u>
Total direct and overlapping debt.....			<u>\$ 88,201,949</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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Equalized Valuation.....	\$ 4,327,989,400	\$ 4,575,033,600	\$ 4,575,033,600	\$ 4,326,753,800	\$ 4,326,753,800	\$ 4,137,906,200	\$ 4,137,906,200	\$ 4,103,767,600	\$ 4,103,767,600	\$ 4,103,767,600
Debt Limit -5% of Equalized Valuation.....	\$ 216,399,470	\$ 228,751,680	\$ 228,751,680	\$ 216,337,690	\$ 216,337,690	\$ 206,895,310	\$ 206,895,310	\$ 205,188,380	\$ 205,188,380	\$ 205,188,380
Less:										
Outstanding debt applicable to limit.....	43,975,631	47,840,201	44,052,776	40,378,637	46,445,430	42,612,765	50,875,921	34,685,631	52,276,219	47,277,578
Authorized and unissued debt.....	16,108,555	10,168,525	20,793,525	25,765,797	18,003,396	18,198,557	6,072,096	11,247,288	71,060,704	44,925,917
Legal debt margin.....	\$ 156,315,284	\$ 170,742,954	\$ 163,905,379	\$ 150,193,256	\$ 151,888,864	\$ 146,083,988	\$ 149,947,293	\$ 159,255,461	\$ 81,851,457	\$ 112,984,885
Total debt applicable to the limit as a percentage of the limit.....	27.77%	25.36%	28.35%	30.57%	29.79%	29.39%	27.53%	22.39%	60.11%	44.94%

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
2007	18,319	\$ 837,398,000	\$ 46,714	45	3,218	3.70%
2008	18,538	\$ 811,816,000	\$ 44,369	45	3,440	5.10%
2009	18,313	\$ 763,419,000	\$ 42,101	45	3,247	6.70%
2010	18,297	\$ 819,169,000	\$ 45,176	45	3,277	7.00%
2011	17,985	\$ 869,098,000	\$ 47,824	45	3,286	5.70%
2012	18,234	\$ 902,123,724	\$ 49,475	45	3,276	5.30%
2013	18,648	\$ 936,404,426	\$ 50,215	45	3,286	5.70%
2014	18,847	\$ 971,987,794	\$ 51,573	45	3,122	5.20%
2015	18,847	\$ 1,008,923,330	\$ 53,532	45	3,097	4.50%
2016	18,535	\$ 1,047,262,416	\$ 56,502	48	3,094	2.50%

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	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Scituate	Municipal Government	1,228	1	12.83%	1,122	1	11.71%
Life Care Center	Nursing Home	185	2	1.93%	135	2	1.41%
Scituate Marketplace	Supermarket	<u>approximately 100</u>	3	<u>1.04%</u>	<u>120</u>	3	<u>1.25%</u>
Total		<u>1,413</u>		<u>15.80%</u>	<u>1,377</u>		<u>14.37%</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function										
General government.....	27	26	26	26	26	28	28	30	31	32
Police.....	38	38	38	35	35	33	33	33	34	35
Fire.....	56	55	57	53	52	53	53	53	53	55
Education.....	486	402	412	388	365	376	379	396	466	455
Water.....	12	11	13	12	11	12	12	12	13	14
Sewer.....	7	7	9	7	8	8	8	8	8	8
Solid waste.....	5	5	4	4	4	4	4	4	4	4
Public works.....	26	25	28	25	24	25	25	23	27	27
Human services.....	8	8	8	7	7	8	8	8	9	10
Culture and recreation.....	21	26	25	24	24	23	22	22	22	22
Total	<u>684</u>	<u>602</u>	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>	<u>667</u>	<u>662</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Population.....	18,319	18,538	18,313	18,297	17,985	18,234	18,648	18,847	18,847	18,535
Registered voters, annual town election.....	12,806	12,680	13,121	12,924	13,048	13,827	13,941	13,961	14,170	14,117
Town Clerk										
Births.....	137	126	131	140	145	167	161	152	172	118
Marriages.....	67	59	68	49	54	74	78	70	56	63
Deaths.....	181	185	193	200	219	176	167	174	207	130
Police										
MV Accidents investigated by an officer.....	279	211	211	199	232	251	232	252	287	266
Citations issued.....	733	927	1,206	903	851	712	808	904	199	182
Arrests.....	338	280	411	395	382	285	290	314	241	248
Total Incidents.....	14,123	14,374	14,554	14,688	14,852	14,268	16,480	17,850	16,074	20,548
Fire										
Permits/certificate issued.....	1,569	1,487	1,175	1,015	1,015	942	1,289	1,228	1,270	1,080
False alarm.....	228	250	256	290	333	292	342	325	346	448
Fires.....	99	92	68	104	75	118	82	88	79	66
Rescue/EMS incidents.....	1,717	1,810	1,823	1,928	1,895	1,823	1,981	1,925	1,880	1,841
Total Incidents.....	2,633	2,755	2,735	2,846	2,986	2,928	3,256	2,963	3,017	3,140
Building Department										
Building permits issued.....	775	629	625	604	797	789	869	822	926	947
Gas & Plumbing permits issued.....	694	694	654	688	763	785	1,098	1,046	892	884
Electrical permits issued.....	613	594	540	554	589	606	814	844	648	762
Education										
Public school enrollment.....	3,218	3,440	3,247	3,277	3,286	3,276	3,286	3,122	3,097	3,094
High school graduates.....	188	231	189	174	175	208	206	185	205	215
Public Works										
Water										
Service connections.....	7,473	7,503	7,541	7,573	7,624	7,641	7,636	7,659	7,721	7,728
Consumption in millions of gallons.....	594	648	679	638	549	516	545	552	452	455
Daily consumption in millions of gallons.....	1.63	1.78	1.86	1.75	1.50	1.41	1.49	1.51	1.24	1.25
Highway										
Miles of public road.....	100	100	101	101	101	101	101	101	103	103
Human Services										
Board of Health										
Inspections.....	791	577	527	609	612	549	549	590	577	724
Sewage Permits.....	225	149	120	99	106	85	85	69	91	228
Council on Aging										
Total Rides	12,808	7,330	6,406	6,406	6,757	6,860	6,845	6,542	6,976	6,839
Library										
Circulation.....	237,628	256,930	285,866	273,484	279,607	262,136	250,194	236,357	243,490	219,942
Visitors.....	109,337	115,411	126,952	140,155	155,544	153,247	138,640	140,109	155,000	n/a
Volunteer hours of service.....	1,101	652	717	1,872	1,673	1,369	1,178	770	570	281

Source: Various Town Departments & annual reports

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government									
Number of buildings.....	1	1	1	1	1	1	1	1	1
Police									
Number of stations.....	1	1	1	1	1	1	1	1	1
Fire									
Number of stations.....	3	3	3	3	3	3	3	3	3
Education									
Number of elementary schools.....	4	4	4	4	4	4	4	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1
Public Works									
Number of wells.....	6	6	6	6	6	6	6	6	6
Number of water storage tanks.....	2	2	2	2	2	2	2	2	2
Number of pump stations.....	2	2	2	2	2	2	2	2	2
Human Services									
Senior center.....	1	1	1	1	1	1	1	1	1
Culture and Recreation									
Maritime Center.....	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1
Scituate Harbor Community Bldg.....	-	-	-	1	1	1	1	1	1

Source: Various Town Departments