

TOWN OF SCITUATE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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

On the cover: Lester J. Gates Middle School

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



Scituate Center for the Performing Arts

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

*The Town of
Scituate, Massachusetts*



**Comprehensive
Annual Financial Report**

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

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

TABLE OF CONTENTS

Introductory Section.....	1
Letter of Transmittal	3
Principal Executive Officers.....	8
Organizational Chart	9
Certificate of Achievement for Excellence in Financial Reporting.....	10
Financial Section	11
Independent Auditor’s Report.....	13
Management’s Discussion and Analysis.....	15
Basic Financial Statements	26
Statement of net position	27
Statement of activities	28
Governmental funds – balance sheet	30
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position	32
Governmental funds – statement of revenues, expenditures and changes in fund balances	34
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	36
Proprietary funds – statement of net position	37
Proprietary funds – statement of revenues, expenses and changes in net position	38
Proprietary funds – statement of cash flows	39
Fiduciary funds – statement of fiduciary net position	40
Fiduciary funds – statement of changes in fiduciary net position	41
Notes to Basic Financial Statements	42
Required Supplementary Information	81
General Fund Budgetary Comparison Schedule	82
Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual	83
Pension Plan Schedules	88
Schedule of the Town’s proportionate share of the net pension liability.....	89
Schedule of the Town’s contributions	90

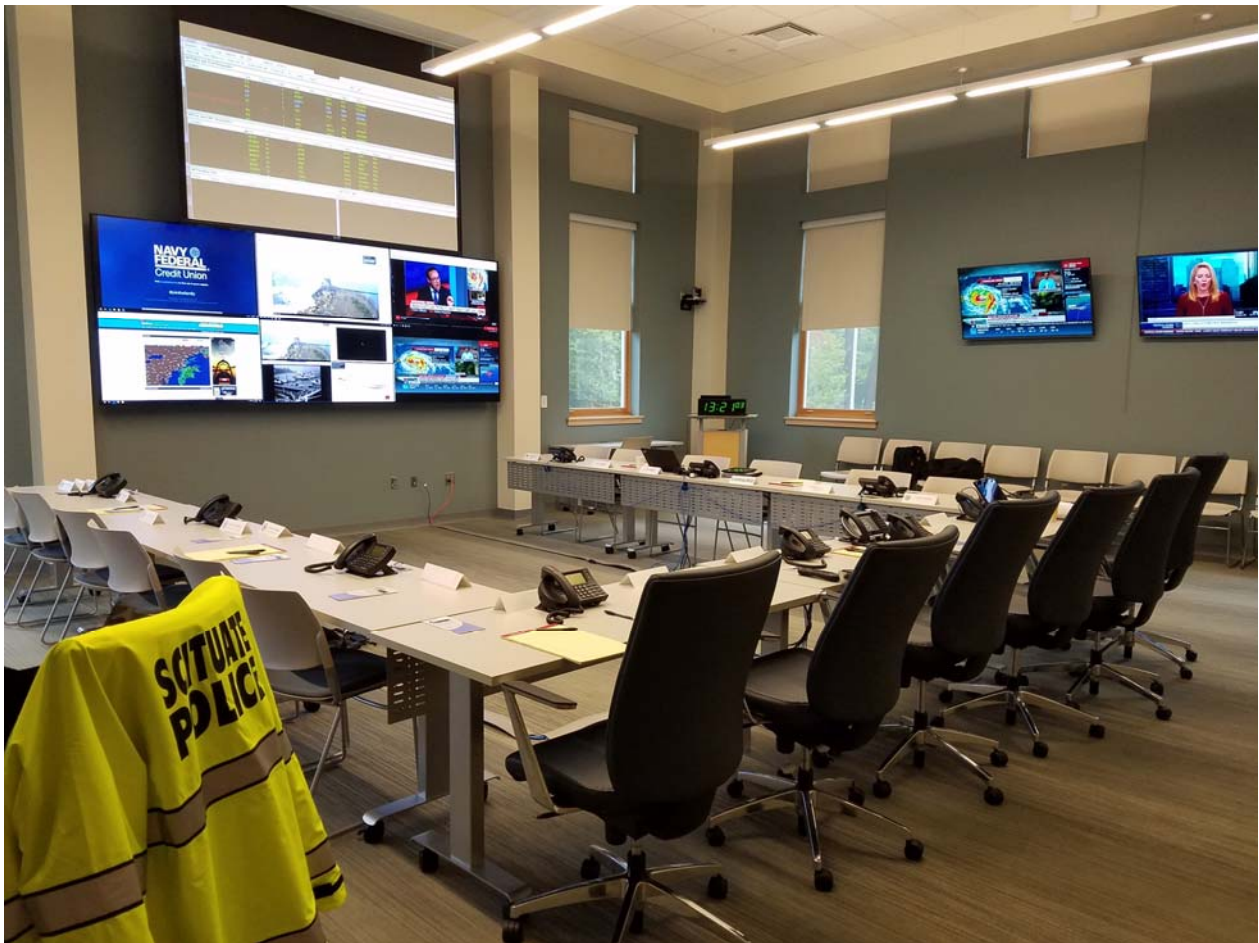
Schedule of the special funding amounts of the net pension liability	91
Other Postemployment Benefits Plan Schedules	92
Schedule of changes in the Town's net other postemployment benefit liability and related ratios.....	93
Schedule of the Town's contributions	94
Schedule of investment returns	95
Schedule of funding progress and employer contributions.....	96
Actuarial methods and assumptions	97
Notes to Required Supplementary Information	98
Combining and Individual Fund Statements	102
Nonmajor Governmental Funds.....	103
Nonmajor governmental funds - combining balance sheet.....	104
Nonmajor governmental funds - combining statement of revenues, expenditures and changes in fund balances	106
Agency Fund.....	108
Agency fund - statement of changes in assets and liabilities	109
Statistical Section.....	111
Net position by component – last ten years	113
Changes in net position – last ten years	114
Fund balances, governmental funds – last ten years.....	115
Changes in fund balances, governmental funds – last ten years	116
Assessed value and actual value of taxable property by classification and tax rates – last ten years	117
Principal taxpayers – current year and nine years ago.....	118
Property tax levies and collections – last ten years	119
Ratios of outstanding debt by type – last ten years	120
Ratios of general bonded debt outstanding – last ten years.....	121
Direct and overlapping governmental activities debt – as of June 30, 2017.....	122
Computation of legal debt margin – last ten years.....	123
Demographic and economic statistics – last ten years	124
Principal employers – current year and nine years ago.....	125
Full-time equivalent town employees by function – last ten years	126
Operating indicators by function/program – last ten years.....	127
Capital asset statistics by function/program – last ten years	128

Introductory Section



Public Safety Complex

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



Joseph P. Norton Emergency Operations Center

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

Introductory Section

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Letter of Transmittal

December 12, 2017

To the Honorable Board of Selectmen and the Citizens of the Town of Scituate:

State law requires the Town of Scituate to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Scituate, Massachusetts, for the year ending June 30, 2017, for your review.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. As management, we assert that this financial report is complete and reliable in all material respects.

The CAFR is designed to be used by the elected and appointed officials of Scituate in addition to those entities concerned with the Town's management and development including credit rating agencies, bond analysts, investors and financial institutions. The format of the report enables the Town to present complex financial data in a manner that is easier for citizens and taxpayers of the Town of Scituate to review and understand.

The Town of Scituate's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Scituate for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Scituate's financial statements for the year ended June 30, 2017, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of Town

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

Local legislative decisions are made by an open town meeting consisting of all of the registered voters in the Town. Subject to the legislative decisions made by the Town Meeting, the affairs of the Town are administered by a five member Board of Selectmen who appoint a professional Town Administrator and Finance Director to manage day-to-day and financial matters. The annual town census for 2017 lists the Town's population as 18,515.

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

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

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

Budgetary Controls

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

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

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

Factors Affecting Economic Condition

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

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

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

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

The Town continues to experience residential housing growth with an expected 200-300 units in various stages of development to be constructed in the next 2-4 years.

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

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

Major Initiatives

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

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

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

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

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

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

Reserves

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

The Other Post Employment Liability Trust was established in 2011 and is funded at 2% of the annual pension assessment pursuant to the Town's financial policies. The Town created a Capital Stabilization Fund in 2012 to complement the Town's five year capital plan to address future capital needs and associated debt burden. This fund is a valuable tool for setting aside funds over several years to address costly projects identified on the five year rolling capital plan. In 2013, the Town approved an Economic Development Stabilization Fund to support initiatives to develop and foster commercial growth. Annually, the Town approves the transfer of excess levy capacity to the Stabilization Fund and allocates additional funds to its reserves as available. In the last five years, \$1.97M has been added to the fund by this method.

Internal Controls

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

Financial Management

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

Acknowledgements

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

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

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

Respectfully submitted,



Albert G. Bangert
Acting Town Administrator



Nancy Holt
Finance Director/Town Accountant

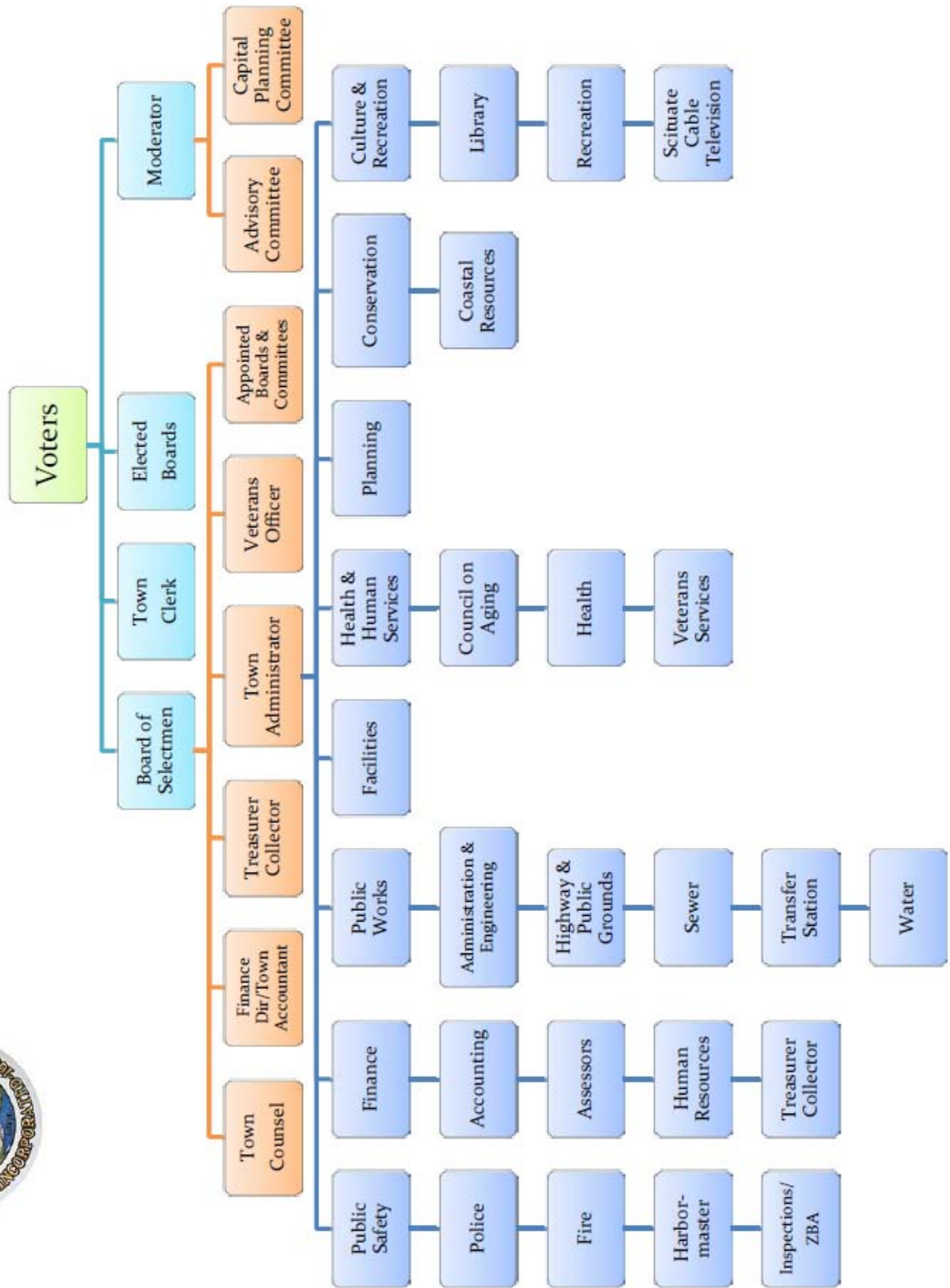
Town of Scituate, Massachusetts

Principal Executive Officers

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



Town of Scituate





Government Finance Officers Association

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

Presented to

**Town of Scituate
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

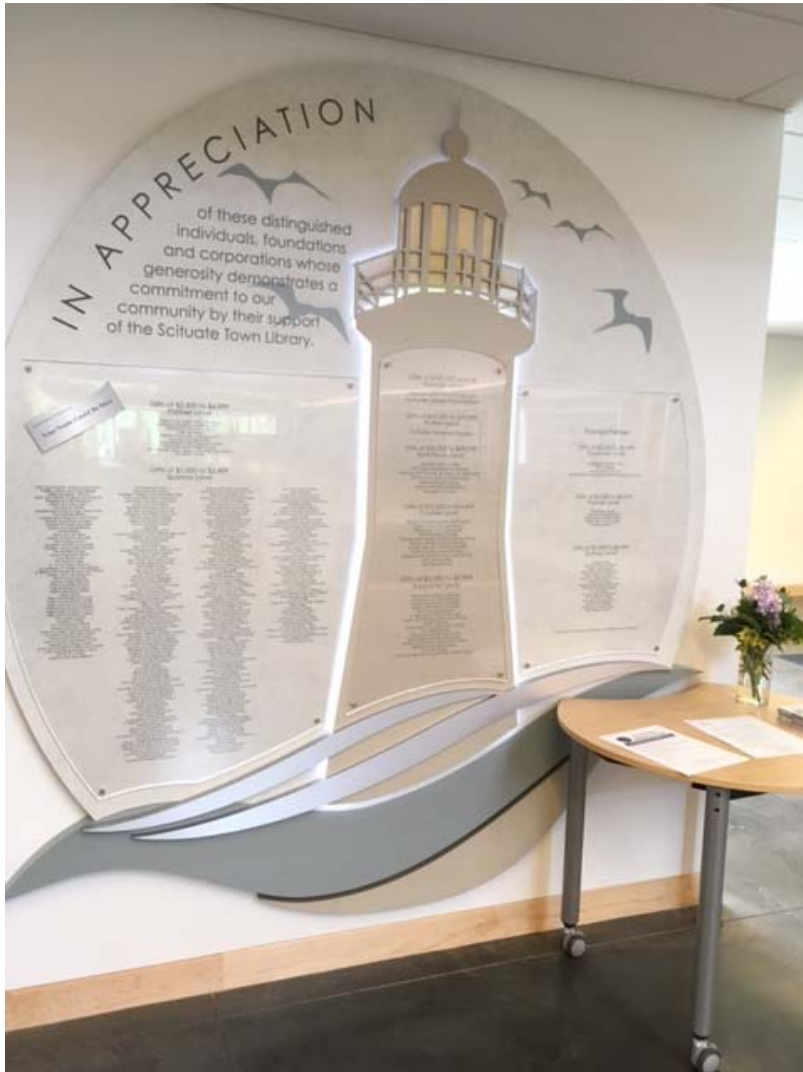
Executive Director/CEO

Financial Section



Scituate Town Library

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



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

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Scituate, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Scituate, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Scituate, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Scituate, Massachusetts, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Scituate, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the Town of Scituate, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Scituate, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 12, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Scituate, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Scituate's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$110.6 million at the close of 2017, which was an improvement in overall financial position of \$20 million from the prior year.

Net position of \$130.8 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$14.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit balance of \$34.4 million.

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

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63.9 million at the close of 2017.

Governmental net position of \$93.7 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is

still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Condensed financial data for 2017 and 2016 is presented below.

Governmental Activities

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

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

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

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

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

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

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

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

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

Business-type Activities

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

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

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

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

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

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

There was a net increase of \$281,000 in net position reported in connection with the Town's business-type activities (enterprise funds). The changes by fund are listed in the following table:

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Net Position:			
Water.....	\$ 11,598,653	\$ 11,258,620	\$ 340,033
Sewer.....	29,178,592	29,229,356	(50,764)
Transfer station.....	350,107	446,097	(95,990)
Widows Walk golf course.....	1,070,293	1,045,178	25,115
Waterways.....	4,479,895	4,416,903	62,992
Total Net Position.....	<u>\$ 46,677,540</u>	<u>\$ 46,396,154</u>	<u>\$ 281,386</u>

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

The water enterprise fund reported an increase in net position of \$340,000. The Town placed a restriction on water usage during the summer of 2016 due to the water level in the Town's reservoir falling below an acceptable level causing operating revenue to decrease. There was a decrease in expenses related to the net pension liability.

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

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

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

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

Fiduciary Activities

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

Financial Analysis of the Government's Funds

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

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

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

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$8.5 million, restricted fund balance was \$511,000, committed fund balance was \$3.3 million, and assigned fund balance was \$1.4 million while total fund balance was \$13.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.3% of total general fund budgetary expenditures, while total fund balance represents 16.5% of that same amount.

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

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

The *Community Preservation Fund* had a fund balance at year-end of \$8.9 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation fund increased by \$596,000 in 2017. The change in fund balance is entirely dependent on the timing of the planned use of accumulated revenues for the projects authorized.

The *Affordable Housing Fund* had a fund balance at year-end of \$752,000. This fund experienced a low level of activity in the current year. This program endeavors to create more affordable housing options.

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

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

General Fund Budgetary Highlights

The original 2017 operating budget totaled \$78.2 million and consisted of \$74.7 million in appropriations and \$3.5 million in budgeted articles and encumbrances carried over from prior years. The increase between the original budget and the final amended budget was primarily due to supplemental appropriations of the use of free cash (available fund balance) totaling \$3.1 million. Actual revenues came in over budget by approximately \$1.7 million, and actual expenditures came in under budget by approximately \$5.7 million. Of this balance, the Town reserved \$4.6 million in articles and encumbrances for spending in subsequent years.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's major governmental capital asset activity in 2017 includes additions in construction in progress of \$43.4 million for the middle school project, and \$4.8 million for the Foreshore Protection project, \$787,000 for machinery and equipment, \$2.1 million in infrastructure, \$615,000 in vehicles, and \$723,000 in other projects. During 2017, the Town removed \$12.5 million from construction in progress, and along with FY17 expenditures put into service \$17.7 million for the Public Safety Complex and \$11.2 million for the library.

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

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

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

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

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

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

See notes to basic financial statements.

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

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

JUNE 30, 2017

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

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

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....		\$ (43,087,181)
<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.....	70,717,211	
Depreciation expense.....	<u>(4,188,827)</u>	
Net effect of reporting capital assets.....		66,528,384
<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>		
		(683,682)
<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.....	247,291	
Issuance of bonds and notes.....	(3,500,000)	
Amortization of debt premiums.....	500,408	
Debt service principal payments.....	<u>4,423,512</u>	
Net effect of reporting long-term debt.....		1,671,211
<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.....	(186,951)	
Net change in accrued interest on long-term debt.....	15,935	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(466,642)	
Net change in net pension liability.....	(477,915)	
Net change in other postemployment benefit accrual.....	<u>(3,569,875)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		<u>(4,685,448)</u>
Change in net position of governmental activities.....		\$ <u>19,743,284</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 137,473	\$ -
Employer contributions to pay benefit payments.....	2,363,041	-
Private donations.....	-	3,453
Total contributions.....	2,500,514	3,453
Net investment income (loss):		
Interest.....	6,740	922
TOTAL ADDITIONS.....	2,507,254	4,375
DEDUCTIONS:		
Benefit payments.....	2,363,041	-
Educational scholarships.....	-	15,750
TOTAL DEDUCTIONS.....	2,363,041	15,750
CHANGE IN NET POSITION.....	144,213	(11,375)
NET POSITION AT BEGINNING OF YEAR.....	675,922	279,340
NET POSITION AT END OF YEAR.....	\$ 820,135	\$ 267,965

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Joint Ventures – The Town is a member of the South Shore Vocational Technical High School District along with the Towns of Abington, Cohasset, Hanover, Hanson, Norwell, Rockland and Whitman. The South Shore Vocational Technical High School District serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the South Shore Vocational Technical High School District and each member is responsible for its proportionate share of the operational and capital cost of the South Shore Vocational Technical High School District, which are paid in the form of assessments. The Town does not have an equity interest in the South Shore Vocational Technical High School District and the 2017 assessment was \$706,301. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, Massachusetts 02339.

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

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

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

Governmental Fund Financial Statements

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

J. Unavailable Revenue*Fund Financial Statements*

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position has been “restricted for” the following:

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Individual Fund Deficits

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

T. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Scituate's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$57,819,771 and the bank balance totaled \$60,166,337. Of the bank balance, \$2,750,000 was covered by Federal Depository Insurance, \$43,150,704 was covered by the Depositors Insurance Fund, \$1,933,308 was covered by the Share Insurance Fund, \$4,912,725 was collateralized, and \$7,419,600 was uninsured and uncollateralized.

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

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town's investment policy requires the Treasurer to review, on a quarterly basis, the Call Reports and/or the Uniform Bank

Performance Report of any institution conducting business with the Town that receives a “Yellow” classification or less than three stars on the previous quarter’s Veribanc report. As of June 30, 2017, the Town does not have any investments subject to custodial credit risk.

Interest Rate Risk

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

Credit Risk

The Town’s investment policy limits investing in corporate debt to a rating of “A” or better by either S&P or Moody’s rating services. During the year, the Town limited its investments to certificates of deposits, money market accounts, MMDT Cash Portfolio and bank deposits. At year end, the Town’s investment in MMDT is unrated.

Concentration of Credit Risk

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

Fair Value Measurement

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

NOTE 3 – RECEIVABLES

At June 30, 2017, receivables for the individual major governmental funds, nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 2,661,603	\$ -	\$ 2,661,603
Water and sewer liens.....	84,417	-	84,417
Special assessments.....	8,454,591	-	8,454,591
Intergovernmental.....	699,228	-	699,228
Total.....	<u>\$ 11,899,839</u>	<u>\$ -</u>	<u>\$ 11,899,839</u>

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

	General Fund	Community Preservation	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes.....	\$ 699,376	\$ 15,352	\$ -	\$ 714,728
Tax liens.....	693,533	17,548	-	711,081
Motor vehicle and other excise taxes.....	208,487	-	-	208,487
Departmental and other.....	138,141	-	5,500	143,641
Special assessments.....	178,863	-	2,000	180,863
Intergovernmental.....	-	-	387,496	387,496
Tax foreclosures.....	521,719	-	-	521,719
Total.....	<u>\$ 2,440,119</u>	<u>\$ 32,900</u>	<u>\$ 394,996</u>	<u>\$ 2,868,015</u>

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities

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

Business-Type Activities

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

	Beginning 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.....	630,156	-	-	630,156
Vehicles.....	62,858	-	-	62,858
	<u>2,914,057</u>	<u>-</u>	<u>-</u>	<u>2,914,057</u>
<u>Less accumulated depreciation for:</u>				
Buildings and building improvements.....	(1,066,028)	(48,848)	-	(1,114,876)
Machinery and equipment.....	(430,603)	(32,885)	-	(463,488)
Vehicles.....	(22,112)	(9,055)	-	(31,167)
	<u>(1,518,743)</u>	<u>(90,788)</u>	<u>-</u>	<u>(1,609,531)</u>
Total transfer station capital assets, net.....	<u>\$ 1,395,314</u>	<u>\$ (90,788)</u>	<u>\$ -</u>	<u>\$ 1,304,526</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.....	1,414,564	30,177	-	1,444,741
	<u>6,213,372</u>	<u>30,177</u>	<u>-</u>	<u>6,243,549</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,671,530)	(105,671)	-	(2,777,201)
Buildings and building improvements.....	(434,443)	(23,279)	-	(457,722)
Machinery and equipment.....	(1,223,220)	(79,484)	-	(1,302,704)
	<u>(4,329,193)</u>	<u>(208,434)</u>	<u>-</u>	<u>(4,537,627)</u>
Total Widow's Walk golf course capital assets, net.....	<u>\$ 1,884,179</u>	<u>\$ (178,257)</u>	<u>\$ -</u>	<u>\$ 1,705,922</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.....	-	79,464	-	79,464
Total capital assets not being depreciated.....	<u>3,675,000</u>	<u>79,464</u>	<u>-</u>	<u>3,754,464</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	7,800	-	1,685,114
Vehicles.....	-	150,000	-	150,000
Infrastructure.....	103,300	3,975	-	107,275
Total capital assets being depreciated.....	<u>7,771,382</u>	<u>161,775</u>	<u>-</u>	<u>7,933,157</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,435,873)	(235,088)	-	(3,670,961)
Buildings and building improvements.....	(302,010)	(24,280)	-	(326,290)
Machinery and equipment.....	(1,112,445)	(67,509)	-	(1,179,954)
Vehicles.....	-	(15,000)	-	(15,000)
Infrastructure.....	(1,033)	(1,073)	-	(2,106)
Total accumulated depreciation.....	<u>(4,851,361)</u>	<u>(342,950)</u>	<u>-</u>	<u>(5,194,311)</u>
Total capital assets being depreciated, net.....	<u>2,920,021</u>	<u>(181,175)</u>	<u>-</u>	<u>2,738,846</u>
Total waterways capital assets, net.....	<u>\$ 6,595,021</u>	<u>\$ (101,711)</u>	<u>\$ -</u>	<u>\$ 6,493,310</u>

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

Governmental Activities:

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

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

Business-Type Activities:

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

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

NOTE 5 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

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

Due to/from other funds

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

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

Interfund transfers

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

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

NOTE 6 – LEASES

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

The assets acquired through capital leases are as follows:

<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>(470,373)</u>	<u>(451,151)</u>
Total.....	<u>\$ 777,623</u>	<u>\$ 116,074</u>

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

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

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds.

Details related to the short-term debt activity for the year ended June 30, 2017, are as follows:

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

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2017, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Fund

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

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

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

Bonds and Notes Payable Schedule – Enterprise Funds

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

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

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

WATER ENTERPRISE FUND DEBT SERVICE PAYMENTS

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

SEWER ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2018.....	\$ 2,092,633	\$ 412,101	\$ 2,504,734
2019.....	2,138,318	343,907	2,482,225
2020.....	1,369,601	279,694	1,649,295
2021.....	1,362,850	233,012	1,595,862
2022.....	1,250,105	189,857	1,439,962
2023.....	1,275,295	149,578	1,424,873
2024.....	1,286,780	108,796	1,395,576
2025.....	804,587	88,952	893,539
2026.....	681,846	71,823	753,669
2027.....	391,941	60,078	452,019
2028.....	393,612	51,151	444,763
2029.....	400,428	42,143	442,571
2030.....	407,392	32,968	440,360
2031.....	409,507	23,669	433,176
2032.....	361,777	14,274	376,051
2033.....	364,205	6,978	371,183
Total.....	\$ <u>14,990,877</u>	\$ <u>2,108,981</u>	\$ <u>17,099,858</u>

TRANSFER STATION ENTERPRISE FUND DEBT SERVICE PAYMENTS

Year	Principal	Interest	Total
2018.....	\$ 15,000	\$ 1,950	\$ 16,950
2019.....	15,000	1,350	16,350
2020.....	15,000	750	15,750
Total.....	\$ <u>45,000</u>	\$ <u>4,050</u>	\$ <u>49,050</u>

WATERWAYS ENTERPRISE FUND DEBT SERVICE PAYMENTS

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

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

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

Changes in Long-Term Liabilities

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

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

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

As of June 30, 2017, the governmental fund balances consisted of the following:

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

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

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

NOTE 10 – RISK FINANCING

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

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

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

NOTE 11 – PENSION PLAN

Plan Descriptions

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

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

Special Funding Situation

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

Benefits Provided

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

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

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

Contributions

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

Pension Liabilities

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

Pension Expense

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

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

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

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

Year ended June 30:

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

Actuarial Assumptions

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

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

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

Investment Policy

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

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

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

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

Rate of Return

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

Discount Rate

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

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

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

Changes in Assumptions and Plan Provisions

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

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

the prior year.

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

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

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

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

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

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

Total OPEB liability.....	\$ 84,350,110
Less: OPEB plan's fiduciary net position.....	<u>(820,135)</u>
Net OPEB liability.....	<u><u>\$ 83,529,975</u></u>

The OPEB plan's fiduciary net position
as a percentage of the total OPEB liability..... 0.97%

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

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

Investment Policy

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

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

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

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

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

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

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

Changes in Assumptions and Plan Provisions

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

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

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

Annual OPEB Costs and Net OPEB Obligation – The Town’s annual other postemployment benefit (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially

determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual Required Contribution (ARC).....	\$ 4,760,329
Interest on net OPEB Obligation.....	1,084,258
Adjustment to the ARC.....	<u>327,172</u>
Annual OPEB cost (expense).....	6,171,759
Contributions made.....	<u>(2,500,514)</u>
Increase/(Decrease) in net OPEB obligation.....	3,671,245
Net OPEB obligation - beginning of year.....	<u>27,726,901</u>
Net OPEB obligation - end of year.....	<u>\$ 31,398,146</u>

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 6,171,759	41%	\$ 31,398,146
6/30/2016	4,580,701	47%	24,840,789
6/30/2014	6,403,927	30%	22,427,219

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

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

Actuarial Methods and Assumptions—Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that

are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

NOTE 13 – LANDFILL CLOSURE COSTS

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill cover is installed. The Town presently appropriates approximately \$152,000 per year for post-closure care costs and has recorded a liability of \$931,000 in the business-type activities as a result of this activity. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

NOTE 14 – COMMITMENTS

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

The Town has entered into a long-term contract with South Eastern Massachusetts Partnership (SEMSS) to provide solid waste disposal services. Total charges are based on a formula of tipping and transport fees with costs rising gradually through 2023 when the contract expires. Actual expenditures under this contract for year 2017 were \$284,934.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

NOTE 16 – SUBSEQUENT EVENTS

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2017

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

(Continued)

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

YEAR ENDED JUNE 30, 2017

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

(Continued)

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

YEAR ENDED JUNE 30, 2017

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

(Continued)

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

YEAR ENDED JUNE 30, 2017

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

(Continued)

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

YEAR ENDED JUNE 30, 2017

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

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules

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

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

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

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

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

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

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

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

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

<u>Fiscal Year</u>	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
2017.....	\$ 84,962,764	\$ 8,666,759	52.73%
2016.....	78,329,833	6,353,247	55.38%
2015.....	60,029,569	4,170,542	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

GASB #74

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

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

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

GASB #45

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

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

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

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

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

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	0.89%
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Note: This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Schedule of Funding Progress

Actuarial 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)
7/1/2016	\$ 675,923	\$ 81,929,892	\$ 81,253,969	0.83%	45,656,153	178.0%
7/1/2014	-	60,252,654	60,252,654	0.00%	N/A	N/A
7/1/2012	-	65,117,566	65,117,566	0.00%	N/A	N/A

Schedule of Employer Contributions

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

See notes to required supplementary information.

ACTUARIAL METHODS AND ASSUMPTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

Current retirees, beneficiaries, and dependents.....	562
Current active members.....	<u>693</u>
Total.....	<u><u>1,255</u></u>

See notes to required supplementary information.

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

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

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

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

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

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2017 approved budget for the general fund includes \$74.7 million in current year appropriations and other amounts to be raised and \$3.5 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$3.1 million.

Along with the Town Administrator, the Finance Director has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2017, is presented below:

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

NOTE B – PENSION PLAN

Pension Plan Schedules

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

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

B. Schedule of the Town’s Contributions

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

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

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

D. Changes in Assumptions

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

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

E. Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town’s Contributions

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

C. Schedule of Investment Returns

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

The Town

The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 1%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

A. Schedule of Funding Progress

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

B. Schedule of Employer Contributions

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

C. Schedule of Actuarial Methods and Assumptions

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

D. Changes in Assumptions

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

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

E. Changes in Plan Provisions – None

Combining and Individual Fund Statements

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

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

Individual fund statements offer more descriptive account information.

Nonmajor Governmental Funds

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

Capital Projects Funds:

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

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

Permanent Fund:

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

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

(continued)

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

(concluded)

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

YEAR ENDED JUNE 30, 2017

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

(continued)

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

(concluded)

Agency Fund

The Agency Fund is used to account for assets held in a purely custodial capacity. The Town's Agency Fund activity consists primarily of performance bonds, security deposits and fees collected on-behalf of other governments.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

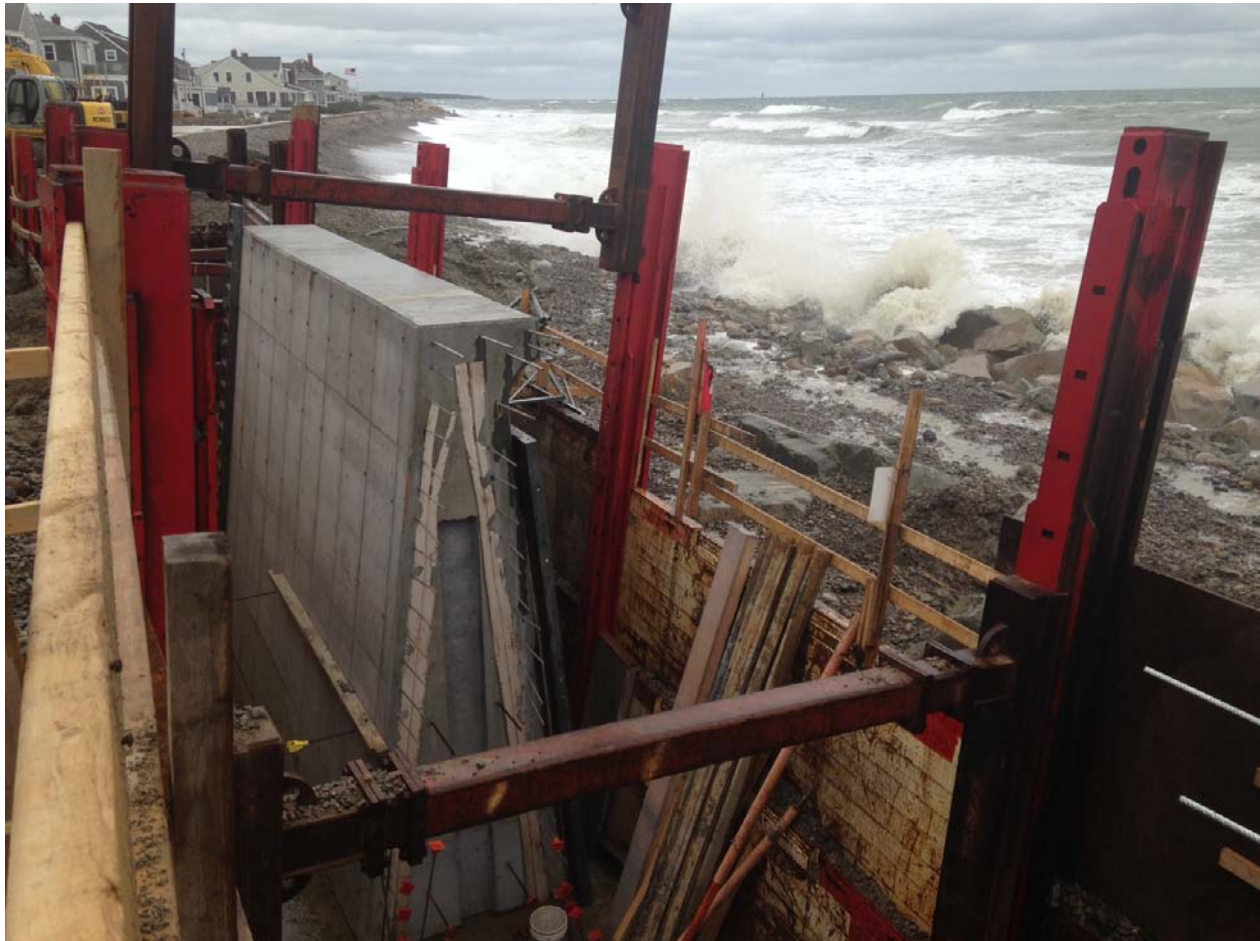
YEAR ENDED JUNE 30, 2017

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

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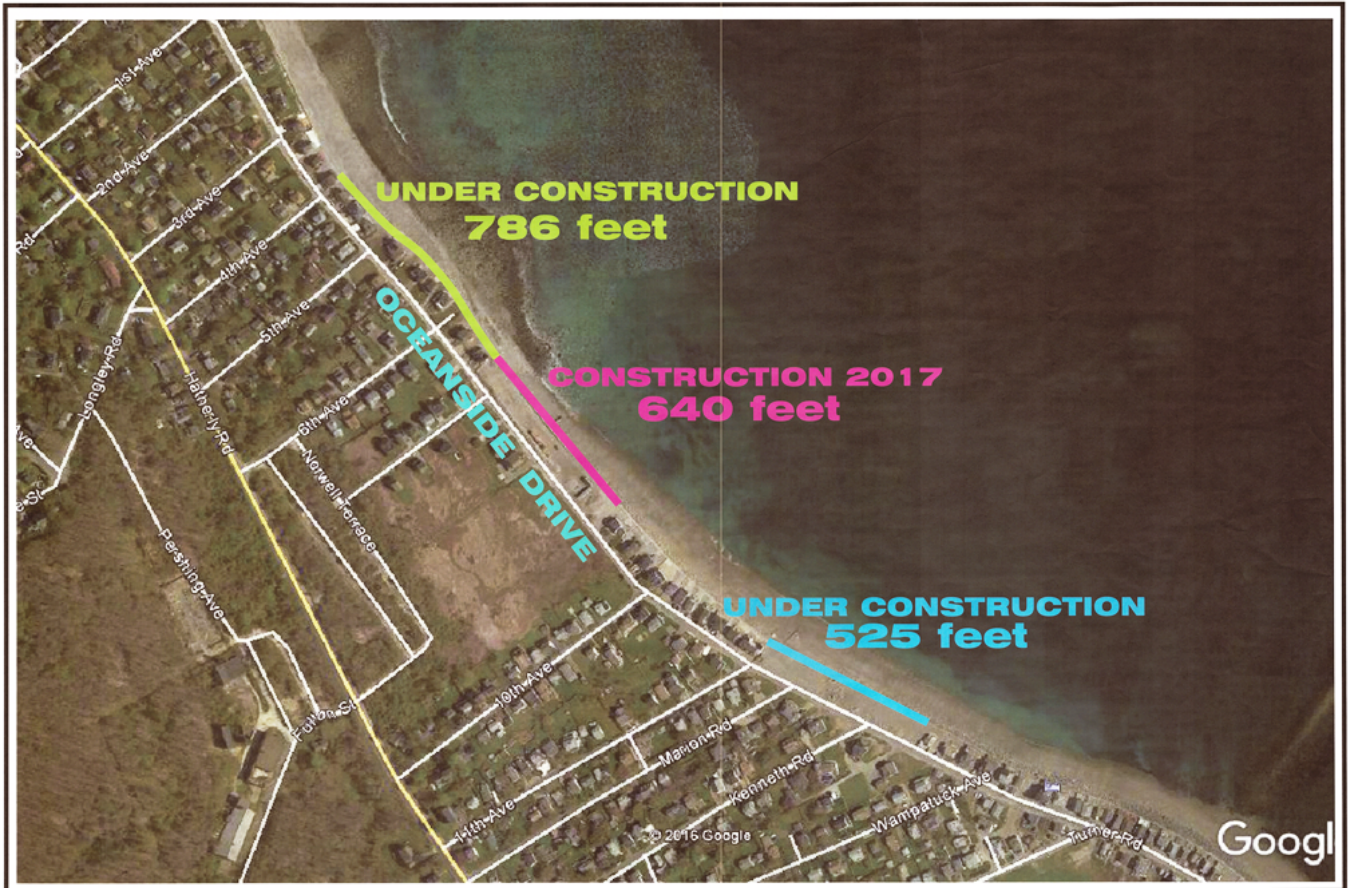
Statistical Section

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



Oceanside Drive Seawall

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



Oceanside Drive Seawall

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

Statistical Section

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	2008	2009	2010	2011	2012	2013	(1) 2014	2015	2016	2017
Governmental activities										
Net investment in capital assets.....	\$ 49,384,451	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964	\$ 58,009,621	\$ 74,483,888	\$ 93,697,063
Restricted.....	18,242	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118
Unrestricted.....	<u>17,329,409</u>	<u>13,013,951</u>	<u>27,219</u>	<u>1,208,526</u>	<u>413,970</u>	<u>(2,073,085)</u>	<u>(37,686,872)</u>	<u>(39,543,990)</u>	<u>(41,330,572)</u>	<u>(43,918,708)</u>
Total governmental activities net position.....	<u>\$ 66,732,102</u>	<u>\$ 62,653,917</u>	<u>\$ 63,658,270</u>	<u>\$ 63,298,355</u>	<u>\$ 64,965,347</u>	<u>\$ 63,308,767</u>	<u>\$ 30,436,038</u>	<u>\$ 33,431,886</u>	<u>\$ 44,206,189</u>	<u>\$ 63,949,473</u>
Business-type activities										
Net investment in capital assets.....	\$ 35,825,501	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580	\$ 30,168,211	\$ 33,793,072	\$ 37,113,868
Restricted.....	2,405,520	4,352,481	-	-	-	-	-	-	-	-
Unrestricted.....	<u>1,672,984</u>	<u>943,745</u>	<u>4,725,581</u>	<u>15,346,008</u>	<u>14,228,936</u>	<u>13,527,535</u>	<u>15,231,833</u>	<u>15,476,554</u>	<u>12,603,082</u>	<u>9,563,672</u>
Total business-type activities net position.....	<u>\$ 39,904,005</u>	<u>\$ 40,733,335</u>	<u>\$ 40,264,718</u>	<u>\$ 40,577,119</u>	<u>\$ 40,801,924</u>	<u>\$ 41,052,270</u>	<u>\$ 44,180,413</u>	<u>\$ 45,644,765</u>	<u>\$ 46,396,154</u>	<u>\$ 46,677,540</u>
Primary government										
Net investment in capital assets.....	\$ 85,209,952	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544	\$ 88,177,832	\$ 108,276,960	\$ 130,810,931
Restricted.....	2,423,762	4,152,972	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118
Unrestricted.....	<u>19,002,393</u>	<u>13,957,696</u>	<u>4,752,800</u>	<u>16,554,534</u>	<u>14,642,906</u>	<u>11,454,450</u>	<u>(22,455,039)</u>	<u>(24,067,436)</u>	<u>(28,727,490)</u>	<u>(34,355,036)</u>
Total primary government net position.....	<u>\$ 106,636,107</u>	<u>\$ 103,387,252</u>	<u>\$ 103,922,988</u>	<u>\$ 103,875,474</u>	<u>\$ 105,767,271</u>	<u>\$ 104,361,037</u>	<u>\$ 74,616,451</u>	<u>\$ 79,076,651</u>	<u>\$ 90,602,343</u>	<u>\$ 110,627,013</u>

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

Source: Audited Financial Statements

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 1,720,578	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125	\$ 4,876,844	\$ 5,984,034	\$ 7,189,607
Public safety.....	7,610,879	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321	13,092,547	12,078,310	14,026,757
Education.....	33,878,524	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980	49,944,296	53,653,828	58,568,294
Public works.....	2,760,936	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895	6,767,282	6,784,427	6,913,537
Human services.....	663,160	640,542	646,098	929,568	948,776	1,125,471	1,212,812	1,113,052	1,172,068	1,283,390
Culture and recreation.....	1,634,520	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933	2,129,813	2,294,558	2,147,386
Pension and fringe benefits.....	12,886,060	17,687,715	-	-	-	-	-	-	-	-
State and county charges.....	440,570	519,199	-	-	-	-	-	-	-	-
Community Preservation.....	539,094	266,799	-	286,425	59,513	2,480	721,633	155,246	130,760	224,085
Interest.....	659,145	648,430	565,702	925,853	415,187	651,163	566,494	994,681	2,879,164	2,734,823
Total government activities expenses.....	62,793,466	70,822,661	68,997,236	71,285,608	73,886,621	77,418,565	81,114,193	79,073,761	84,977,149	93,087,879
Business-type activities:										
Water.....	2,382,885	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201	2,664,045	3,755,045	3,545,095
Sewer.....	3,059,799	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252	3,188,094	2,935,172	2,768,239
Transfer Station.....	1,120,254	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911	953,805	1,228,775	1,053,676
Golf.....	1,120,329	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694	1,004,683	1,101,808	1,028,660
Waterways.....	890,446	859,709	911,562	971,278	934,540	861,637	837,378	896,952	1,401,768	1,112,560
Total business-type activities expenses.....	8,573,713	8,614,108	9,048,002	8,931,004	8,524,913	8,278,148	7,600,436	8,707,579	10,422,568	9,508,230
Total primary government expenses.....	\$ 71,367,179	\$ 79,436,769	\$ 78,045,238	\$ 80,216,612	\$ 82,411,534	\$ 85,696,713	\$ 88,714,629	\$ 87,781,340	\$ 95,399,717	\$ 102,596,109
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 1,772,918	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243	\$ 1,953,724	\$ 2,110,824	\$ 2,251,687
Public works charges for services.....	55,561	40,441	1,385,721	21,373	132,668	497,826	590,965	654,143	660,659	670,351
Culture and recreation charges for services.....	439,177	455,492	588,397	392,099	429,036	408,533	401,894	435,018	434,336	447,629
Other charges for services.....	1,871,175	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181	3,032,230	3,387,990	3,152,396
Operating grants and contributions.....	14,028,181	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683	13,015,067	16,097,906	24,218,440
Capital grant and contributions.....	220,938	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565	4,496,678	7,304,433	13,532,885
Total government activities program revenues.....	18,387,950	20,134,342	23,120,244	21,179,380	22,882,624	21,279,589	23,386,531	23,586,860	29,996,148	44,273,388
Business-type activities:										
Charges for services - water.....	2,731,326	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697	4,160,555	4,680,171	4,112,668
Charges for services - sewer.....	1,077,791	2,385,755	1,602,906	1,643,983	1,682,559	1,778,510	1,732,988	1,386,987	2,096,817	2,069,025
Charges for services - transfer station.....	888,102	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259	1,202,974	1,168,672	1,105,277
Charges for services - golf.....	1,257,621	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170	1,255,771	1,350,468	1,111,370
Charges for services - waterways.....	872,831	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067	1,043,816	1,119,575	1,182,537
Operating grants and contributions.....	593,369	611,006	132,208	35,300	16,237	1,725	238,088	213,160	184,361	137,679
Capital grant and contributions.....	7,997,012	-	571,042	1,309,128	692,556	188,126	6,430,626	688,590	480,722	-
Total business-type activities program revenues.....	15,418,052	9,169,219	8,147,971	9,095,093	8,639,351	8,450,983	14,269,895	9,951,853	11,080,786	9,718,556
Total primary government program revenues.....	\$ 33,806,002	\$ 29,303,561	\$ 31,268,215	\$ 30,274,473	\$ 31,521,975	\$ 29,730,572	\$ 37,656,426	\$ 33,538,713	\$ 41,076,934	\$ 53,991,944
Net (Expense)/Revenue										
Governmental activities.....	\$ (44,405,516)	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)	\$ (55,486,901)	\$ (54,981,001)	\$ (48,814,491)
Business-type activities.....	6,844,339	555,111	(900,031)	164,089	114,438	172,835	6,669,459	1,244,274	658,218	210,326
Total primary government net expense.....	\$ (37,561,177)	\$ (50,133,208)	\$ (46,777,023)	\$ (49,942,139)	\$ (50,889,559)	\$ (55,966,141)	\$ (51,058,203)	\$ (54,242,627)	\$ (54,322,783)	\$ (48,604,165)
General Revenues and other										
Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 40,030,120	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148	\$ 51,463,244	\$ 57,633,851	\$ 60,149,945
Motor vehicle and other excise taxes.....	2,822,228	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956	3,026,616	3,198,586	3,357,113
Community preservation taxes.....	-	-	-	992,107	1,070,846	1,105,543	1,158,916	1,201,728	1,355,633	1,428,997
Penalties and interest on taxes.....	-	413,014	367,174	465,049	535,272	447,439	640,163	446,774	487,036	523,966
Payments in lieu of taxes.....	-	-	-	-	-	-	-	19,601	20,370	19,907
Grants and contributions not restricted to specific programs.....	2,654,850	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158	1,938,534	2,305,361	2,279,401
Unrestricted investment income.....	717,397	339,229	188,874	102,462	74,257	55,527	88,567	186,336	611,498	542,053
Gain on sale of capital assets.....	-	-	-	32,277	32,690	-	-	-	-	-
Miscellaneous.....	285,388	3,441	-	219,218	284,355	576,098	679,700	311,551	71,543	119,997
Transfers.....	(544,339)	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)	(111,635)	71,426	136,396
Total governmental activities.....	45,425,644	46,610,134	46,724,820	49,446,573	52,670,989	54,482,396	57,297,369	58,482,749	65,755,304	68,557,775
Business-type activities:										
Boat excise taxes.....	n/a	n/a	n/a	43,153	41,136	36,042	39,821	40,363	40,695	39,761
Tax liens.....	-	-	-	-	-	-	-	42,128	57,333	77,800
Unrestricted investment income.....	-	-	-	-	-	-	-	25,952	66,569	89,895
Transfers.....	544,339	274,219	249,436	105,159	69,231	41,469	57,239	111,635	(71,426)	(136,396)
Total business-type activities.....	544,339	274,219	249,436	148,312	110,367	77,511	97,060	220,078	93,171	71,060
Total primary government.....	\$ 45,969,983	\$ 46,884,353	\$ 46,974,256	\$ 49,594,885	\$ 52,781,356	\$ 54,559,907	\$ 57,394,429	\$ 58,702,827	\$ 65,848,475	\$ 68,628,835
Changes in Net Position										
Governmental activities.....	\$ 1,020,128	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)	\$ 2,995,848	\$ 10,774,303	\$ 19,743,284
Business-type activities.....	7,388,678	829,330	(650,595)	312,401	224,805	250,346	6,766,519	1,464,352	751,389	281,386
Total primary government.....	\$ 8,408,806	\$ (3,248,855)	\$ 197,233	\$ (347,254)	\$ 1,891,797	\$ (1,406,234)	\$ 6,336,226	\$ 4,460,200	\$ 11,525,692	\$ 20,024,670

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

Fund Balances, Governmental Funds

Last Ten Years

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

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

Last Ten Years

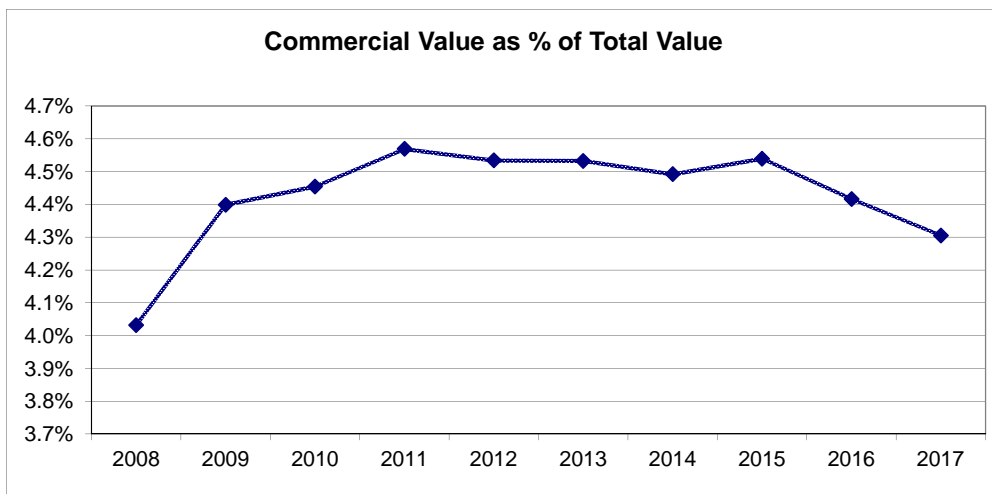
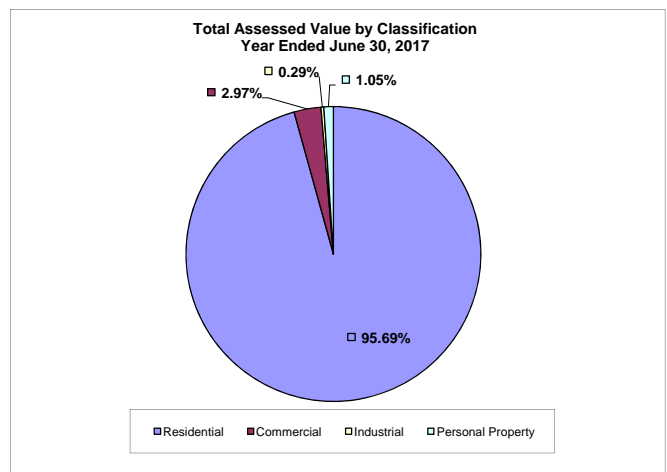
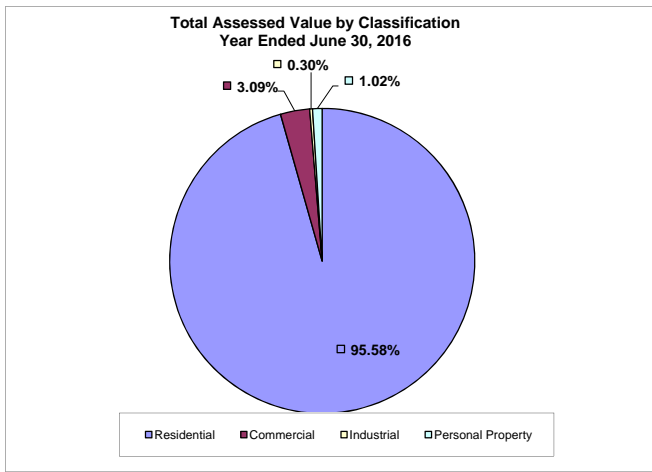
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 38,310,697	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979	\$ 51,176,629	\$ 57,169,767	\$ 59,718,484
Tax liens.....	-	-	-	-	-	-	-	415,491	472,610	488,116
Motor vehicle and other excise taxes.....	2,325,182	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763	3,025,388	3,188,658	3,350,152
Penalties and interest.....	295,176	413,014	367,174	420,610	498,556	351,965	403,063	422,000	451,408	483,632
Fees.....	-	-	139,064	197,399	204,034	1,338,592	419,408	504,848	547,967	526,908
Licenses and permits.....	697,481	490,717	515,326	707,500	715,175	880,443	812,414	812,387	932,531	937,395
Fines and forfeitures.....	67,496	80,288	131,502	103,033	80,716	95,779	99,660	68,513	76,842	100,863
Intergovernmental.....	16,602,433	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358	18,044,124	25,491,847	40,191,793
Departmental and other.....	3,305,664	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874	5,066,629	5,221,152	5,184,107
Community Preservation surtax.....	935,660	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312	1,203,127	1,355,659	1,431,186
Contributions.....	301,536	449,298	434,265	145,106	122,159	197,296	170,014	696,070	540,353	423,760
Investment income.....	717,396	367,970	188,874	123,988	91,962	76,516	110,983	186,336	611,498	542,053
Total Revenues.....	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	113,378,449
Expenditures:										
General government.....	2,223,847	2,968,347	4,680,349	3,401,320	3,320,198	2,771,675	3,165,334	3,698,541	4,623,030	5,542,407
Public safety.....	6,964,878	7,228,725	6,157,231	7,170,482	7,828,098	8,041,331	7,994,485	9,040,139	8,470,823	8,993,964
Education.....	31,860,155	31,817,284	28,541,934	31,902,376	34,919,094	35,331,405	37,517,551	38,165,191	39,023,838	40,319,297
Public works.....	2,845,676	4,611,800	4,375,481	3,166,808	4,248,297	4,200,037	3,412,676	4,488,000	4,280,588	4,141,093
Human services.....	652,542	667,681	489,408	490,552	499,515	618,433	712,977	800,743	836,664	892,884
Culture and recreation.....	1,264,025	1,668,981	1,641,171	1,388,571	1,425,568	1,494,656	1,533,887	1,535,932	1,711,110	1,413,092
Community preservation.....	270,894	168,418	986,684	286,425	59,513	2,480	721,633	126,257	81,681	130,627
Pension benefits.....	-	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	8,032,901	10,521,634	13,067,450
Employee benefits.....	12,812,347	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426	5,757,387	6,080,414	6,519,284
State and county charges.....	440,570	519,199	547,726	520,678	472,015	445,762	476,139	499,806	561,038	690,039
Capital outlay.....	4,485,386	1,645,315	6,680,329	3,643,219	4,979,559	3,521,008	6,325,715	9,252,829	31,225,154	70,717,211
Debt service:										
Principal.....	879,114	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879	1,581,856	4,459,856	4,423,512
Principal - current refunding.....	-	-	-	-	-	-	-	4,818,188	564,514	-
Interest.....	662,856	663,957	692,885	771,919	579,727	488,798	584,080	533,531	2,835,437	3,285,814
Total Expenditures.....	65,362,290	67,447,505	70,969,456	69,812,951	74,023,095	75,088,623	81,063,511	88,331,301	115,275,781	160,136,674
Excess (deficiency) of revenues over (under) expenditures.....	(1,803,569)	(320,975)	(594,417)	366,272	2,031,901	504,041	(786,683)	(6,709,759)	(19,215,489)	(46,758,225)
Other Financing Sources (Uses):										
Issuance from bonds and notes.....	5,338,500	-	-	3,245,470	1,859,021	3,403,000	-	68,258,000	-	3,500,000
Issuance from refunding bonds.....	-	-	-	-	-	-	-	4,205,000	529,100	-
Premium from issuance of bonds and notes.....	-	-	-	148,644	18,480	-	-	5,300,269	-	34,648
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	613,188	35,414	-
Capital lease financing.....	-	-	-	-	-	-	239,937	-	1,008,059	-
Transfers in.....	1,594,015	700,000	-	1,691,667	932,770	940,174	1,814,552	2,131,049	7,492,109	1,442,237
Transfers out.....	(2,138,353)	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)	(2,242,684)	(7,420,683)	(1,305,841)
Total other financing sources (uses).....	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	3,671,044
Net change in fund balance.....	\$ 2,990,593	\$ (595,193)	\$ 2,770,653	\$ 3,655,227	\$ 3,840,171	\$ 3,865,572	\$ (603,985)	\$ 71,555,063	\$ (17,571,490)	\$ (43,087,181)
Debt service as a percentage of noncapital expenditures.....	2.53%	3.55%	3.39%	3.38%	2.98%	2.66%	3.15%	8.77%	9.35%	8.62%

Notes:

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

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2008	\$4,072,204,708	\$9.22	\$131,446,292	\$5,877,500	\$33,776,310	\$171,100,102	\$9.22	4.0%	\$ 9.22	\$4,243,304,810
2009	(1) \$4,029,488,420	\$9.68	\$138,848,190	\$6,152,800	\$40,416,000	\$185,416,990	\$9.68	4.4%	\$ 9.68	\$4,214,905,410
2010	\$3,804,980,088	\$10.56	\$130,039,832	\$5,585,400	\$41,772,270	\$177,397,502	\$10.56	4.5%	\$ 10.56	\$3,982,377,590
2011	\$3,675,696,207	\$11.25	\$127,662,193	\$5,585,400	\$42,758,110	\$176,005,703	\$11.25	4.6%	\$ 11.25	\$3,851,701,910
2012	(1) \$3,610,700,846	\$12.34	\$127,007,544	\$5,181,100	\$39,308,800	\$171,497,444	\$12.34	4.5%	\$ 12.34	\$3,782,198,290
2013	\$3,608,700,390	\$12.72	\$126,075,000	\$5,181,100	\$40,087,220	\$171,343,320	\$12.72	4.5%	\$ 12.72	\$3,780,043,710
2014	\$3,654,706,380	\$13.05	\$125,105,420	\$9,112,700	\$37,686,890	\$171,905,010	\$13.05	4.5%	\$ 13.05	\$3,826,611,390
2015	(1) \$3,763,130,865	\$13.10	\$125,426,835	\$12,415,000	\$41,124,550	\$178,966,385	\$13.10	4.5%	\$ 13.10	\$3,942,097,250
2016	\$3,901,948,229	\$14.14	\$126,200,871	\$12,415,000	\$41,692,030	\$180,307,901	\$14.14	4.4%	\$ 14.14	\$4,082,256,130
2017	\$4,091,047,873	\$14.09	\$126,931,317	\$12,397,200	\$44,743,570	\$184,072,087	\$14.09	4.3%	\$ 14.09	\$4,275,119,960



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

The Town is not subject to any overlapping revenue rates.

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

Principal Taxpayers

Current Year and Nine Years Ago

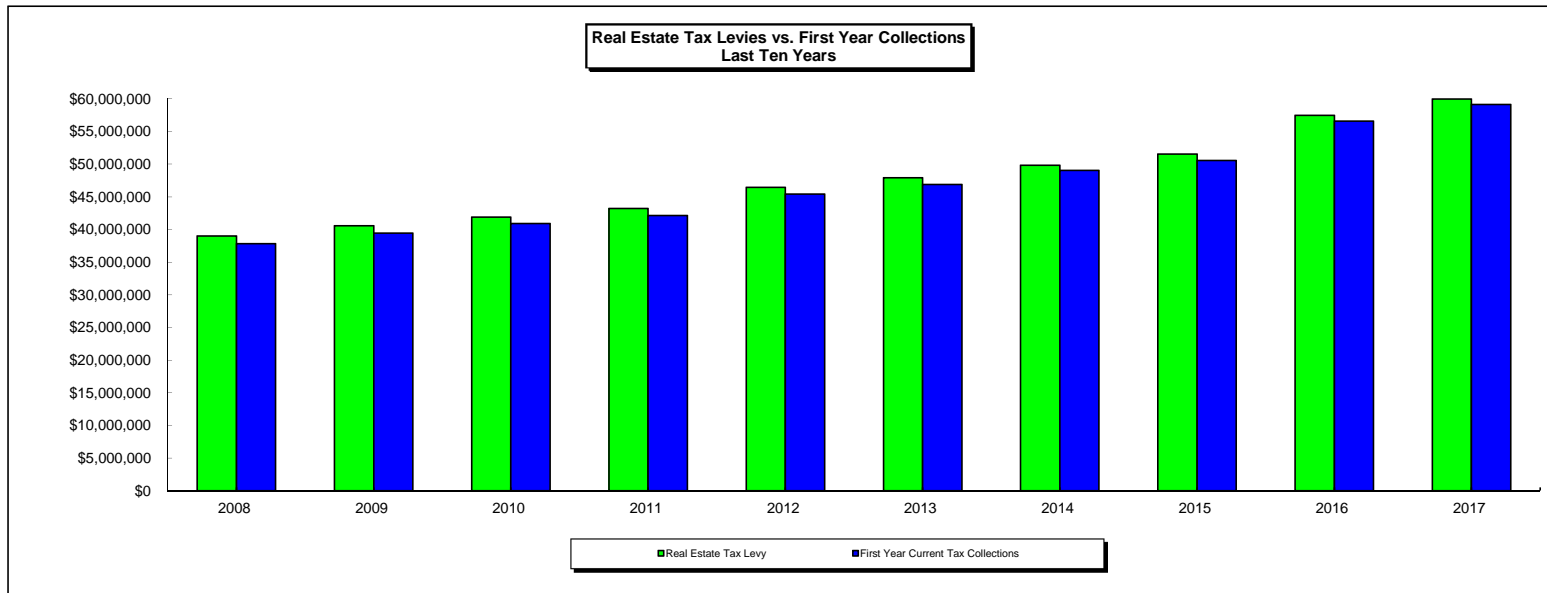
Name	Nature of Business	2017			2008		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bay State Gas Company	Utility	\$ 14,348,800	1	0.34%	\$ 7,577,700	4	0.19%
Massachusetts Electric Company	Utility	11,440,700	2	0.27%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

Source: Official Statements, Town of Scituate

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$39,123,270	\$141,118	\$38,982,152	99.64%	\$37,823,804	97.03%	\$739,620	\$38,563,424	98.93%
2009	(1) \$40,800,384	\$249,897	\$40,550,487	99.39%	\$39,438,104	97.26%	\$564,340	\$40,002,444	98.65%
2010	\$42,053,907	\$152,088	\$41,901,819	99.64%	\$40,930,180	97.68%	\$489,615	\$41,419,795	98.85%
2011	\$43,334,646	\$115,758	\$43,218,888	99.73%	\$42,119,403	97.46%	\$400,032	\$42,519,435	98.38%
2012	(1) \$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013	\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$543,692	\$47,426,272	98.93%
2014	\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$466,423	\$49,528,766	99.41%
2015	(1) \$51,671,474	\$112,627	\$51,558,847	99.78%	\$50,540,571	98.03%	\$449,771	\$50,990,342	98.90%
2016	\$57,723,102	\$275,943	\$57,447,159	99.52%	\$56,591,303	98.51%	\$593,285	\$57,184,588	99.54%
2017	\$60,236,440	\$250,001	\$59,986,439	99.58%	\$59,115,718	98.55%	\$0	\$59,115,718	98.55%



(1) Revaluation year.

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

Ratios of Outstanding Debt by Type

Last Ten Years

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

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

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

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

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

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

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

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

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

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Plymouth County Treasurer, SSRSD & Official statements

(1) County expenses, including debt service, are assessed upon the Towns within the County in proportion to their taxable valuation.

Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	\$ 4,575,033,600	\$ 4,575,033,600	\$ 4,326,753,800	\$ 4,326,753,800	\$ 4,137,906,200	\$ 4,137,906,200	\$ 4,103,767,600	\$ 4,103,767,600	\$ 4,103,767,600	\$ 4,436,619,600
Debt Limit -5% of Equalized Valuation.....	\$ 228,751,680	\$ 228,751,680	\$ 216,337,690	\$ 216,337,690	\$ 206,895,310	\$ 206,895,310	\$ 205,188,380	\$ 205,188,380	\$ 205,188,380	\$ 221,830,980
Less:										
Outstanding debt applicable to limit.....	47,840,201	44,052,776	40,378,637	46,445,430	42,612,765	50,875,921	34,685,631	52,276,219	47,277,578	46,005,123
Authorized and unissued debt.....	10,168,525	20,793,525	25,765,797	18,003,396	18,198,557	6,072,096	11,247,288	71,060,704	44,925,917	31,849,339
Legal debt margin.....	\$ 170,742,954	\$ 163,905,379	\$ 150,193,256	\$ 151,888,864	\$ 146,083,988	\$ 149,947,293	\$ 159,255,461	\$ 81,851,457	\$ 112,984,885	\$ 143,976,518
Total debt applicable to the limit as a percentage of the limit.....	25.36%	28.35%	30.57%	29.79%	29.39%	27.53%	22.39%	60.11%	44.94%	35.10%

Source: Town Accountant's Office, Town of Scituate

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	18,538	\$ 811,816,000	\$ 44,369	45	3,440	5.10%
2009	18,313	763,419,000	42,101	45	3,247	6.70%
2010	18,297	819,169,000	45,176	45	3,277	7.00%
2011	17,985	869,098,000	47,824	45	3,286	5.70%
2012	18,234	902,123,724	49,475	45	3,276	5.30%
2013	18,648	936,404,426	50,215	45	3,286	5.70%
2014	18,847	971,987,794	51,573	45	3,122	5.20%
2015	18,847	1,008,923,330	53,532	45	3,097	4.50%
2016	18,535	1,047,262,416	56,502	48	3,094	2.50%
2017	18,515	1,087,058,388	58,712	55	3,005	4.10%

Source: U. S. Census, Division of Local Services & Official Statements
 Median age is based on most recent census data

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Scituate	Municipal Government	1,225	1	12.80%	1,181	1	12.32%
Life Care Center	Nursing Home	185	2	1.93%	135	2	1.41%
Scituate Marketplace	Supermarket	<u>less than 100</u>	3	<u>1.04%</u>	<u>120</u>	3	<u>1.25%</u>
Total		<u>1,410</u>		<u>15.77%</u>	<u>1,436</u>		<u>14.98%</u>

The Town is reporting all employers with more than 100 employees.

Employees for the Town of Scituate includes all classes of employees, not just FTE's.

Source: Massachusetts Workplace Development Agency, Official Statements & the Town's personnel and department records.

Full-time Equivalent Town Employees by Function
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function										
General government.....	26	26	26	26	28	28	30	31	32	34
Police.....	38	38	35	35	33	33	33	34	35	35
Fire.....	55	57	53	52	53	53	53	53	55	55
Education.....	402	412	388	365	376	379	396	466	455	450
Water.....	11	13	12	11	12	12	12	13	14	14
Sewer.....	7	9	7	8	8	8	8	8	8	8
Solid waste.....	5	4	4	4	4	4	4	4	4	4
Public works.....	25	28	25	24	25	25	23	27	27	27
Human services.....	8	8	7	7	8	8	8	9	10	10
Culture and recreation.....	26	25	24	24	23	22	22	22	22	22
Total	<u>602</u>	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>	<u>667</u>	<u>662</u>	<u>659</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Years

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

Source: Various Town Departments & annual reports

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government									
Number of buildings.....	1	1	1	1	1	1	1	1	1
Police *									
Number of stations.....	1	1	1	1	1	1	1	1	1
Fire *									
Number of stations.....	3	3	3	3	3	3	3	3	3
Education									
Number of elementary schools.....	4	4	4	4	4	4	4	4	4
Number of middle schools.....	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1
Public Works									
Number of wells.....	6	6	6	6	6	6	6	6	6
Number of water storage tanks.....	2	2	2	2	2	2	2	2	2
Number of pump stations.....	2	2	2	2	2	2	2	2	2
Human Services									
Senior center.....	1	1	1	1	1	1	1	1	1
Culture and Recreation									
Maritime Center.....	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1
Scituate Harbor Community Bldg.....	-	-	1	1	1	1	1	1	1

Source: Various Town Departments

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



America's Cup

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