

TOWN OF SCITUATE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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

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



North Jetty

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

*The Town of
Scituate, Massachusetts*



**Comprehensive
Annual Financial Report**

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

Prepared by the Finance Department

TOWN OF SCITUATE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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Introductory Section



Winter 2018

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

Introductory Section

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Letter of Transmittal

December 18, 2018

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

State law requires the Town of Scituate to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Scituate, Massachusetts, for the year ending June 30, 2018, for your review.

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

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

The Town of Scituate's financial statements have been audited by Powers & Sullivan, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Scituate for the year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Scituate's financial statements for the year ended June 30, 2018, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of Town

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

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

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

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

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

Budgetary Controls

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

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

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

Factors Affecting Economic Condition

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

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

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

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

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

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

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

Major Initiatives

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

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

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

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

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

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

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

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

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

Reserves

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

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

Internal Controls

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

Financial Management

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

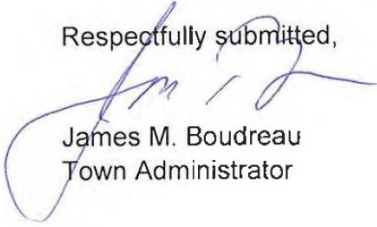
Acknowledgements

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

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

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

Respectfully submitted,



James M. Boudreau
Town Administrator



Nancy Holt
Finance Director/Town Accountant

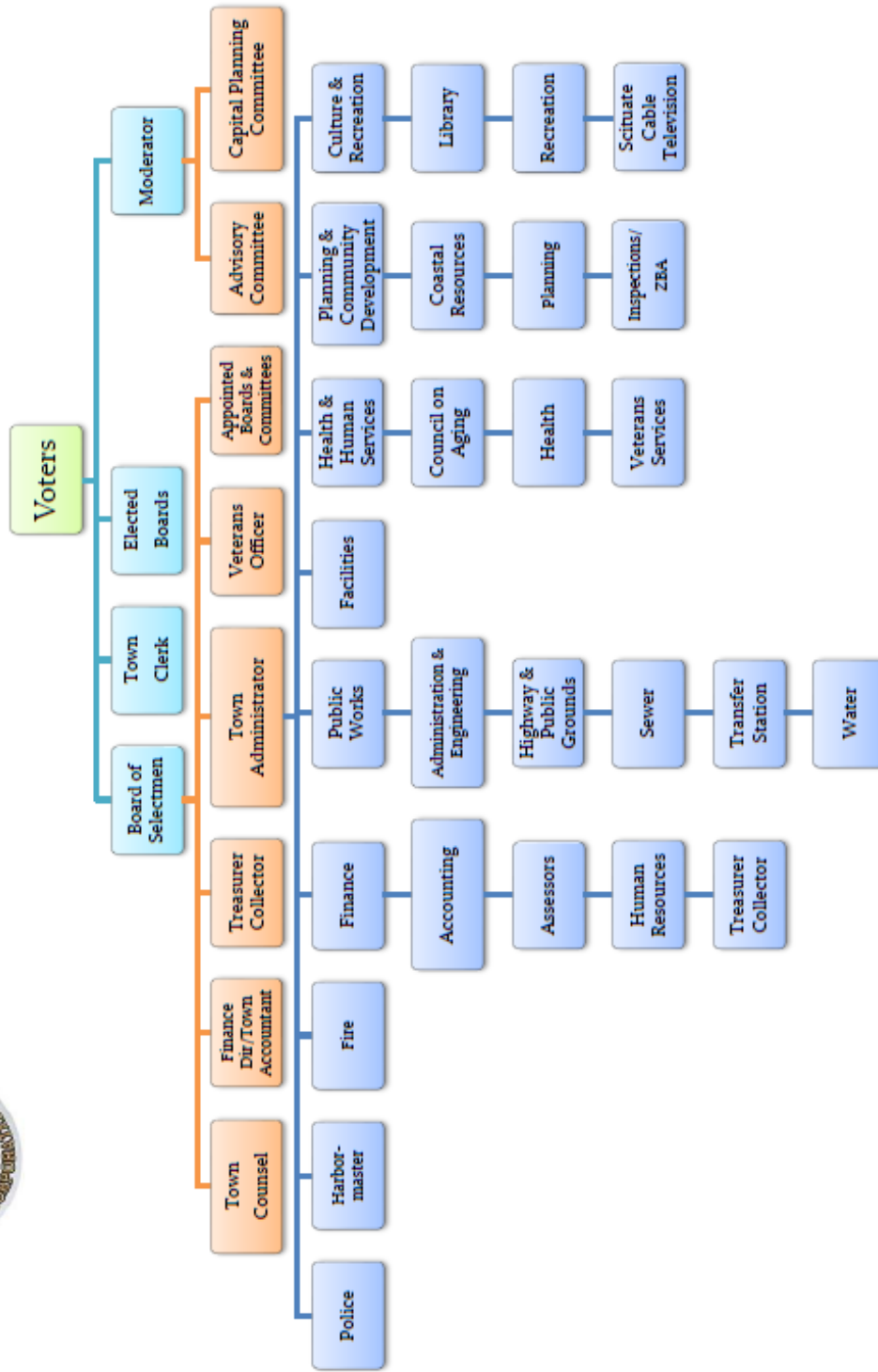
Town of Scituate, Massachusetts

Principal Executive Officers

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



Town of Scituate





Government Finance Officers Association

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

Presented to

**Town of Scituate
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

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Financial Section



Marina De-Icers

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

Financial Section

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Scituate, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Scituate, Massachusetts, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the Town of Scituate, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Scituate, Massachusetts' internal control over financial reporting and compliance.



December 18, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Scituate, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis is part of these requirements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

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

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

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

Governmental Activities

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

Governmental net position of \$104.2 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets

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

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

Condensed financial data for 2018 and 2017 is presented below.

Governmental Activities

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

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

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

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

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

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

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

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

Business-type Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Activities

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

Financial Analysis of the Government's Funds

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

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

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

The *general fund* is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$6.4 million, restricted fund balance was \$511,000, committed fund balance was \$5.5 million, and assigned fund balance was \$912,000 while total fund balance was \$13.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.3% of total general fund budgetary expenditures, while total fund balance represents 17.24% of that same amount.

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

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

The *Community Preservation Fund* had a fund balance at year-end of \$9.7 million. These funds are attributable to the Town's acceptance of the Community Preservation Act, which allows the Town to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation fund increased by \$906,000 in 2018. The change in fund balance is entirely dependent on the timing of the planned use of accumulated revenues for the projects authorized.

The *Town Capital Projects Fund* had a year-end fund deficit of \$4.3 million. Included in this fund is the Public Safety Complex project which the Town passed, by ballot vote, through an override of Proposition 2½ allowing building construction totaling \$16.2 million. Three votes totaling \$18.45 million of which \$16.95 million is debt exclusion. During 2018, the fund balance decreased by \$1.1 million which was due to \$1.1 million in expenditures and no additional revenues. The majority of the expenditures were used for the construction of a public safety complex, an energy savings project, and renovation of the library.

General Fund Budgetary Highlights

The original 2018 operating budget totaled \$81.3 million and consisted of \$76.7 million in appropriations and \$4.6 million in budgeted articles and encumbrances carried over from prior years. The increase between the original budget and the final amended budget was primarily due to supplemental appropriations of free cash (available fund balance) totaling \$3 million for capital articles. Actual revenues came in over budget by approximately \$1.2 million, and actual expenditures came in under budget by approximately \$7.3 million. Of this balance, the Town reserved \$6.4 million in articles and encumbrances for spending in subsequent years.

Capital Asset and Debt Administration

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

The Town's major governmental capital asset activity in 2018 includes additions of \$8.6 million for the middle school project, \$873,000 for machinery and equipment, \$6.2 million for infrastructure, and \$1.4 million in other building projects.

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

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

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

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

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

Requests for Information

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

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

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

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

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

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2018

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

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

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

See notes to basic financial statements.

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

JUNE 30, 2018

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....		\$ (6,094,331)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	16,289,170	
Depreciation expense.....	<u>(5,673,636)</u>	
Net effect of reporting capital assets.....		10,615,534
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		749,821
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....	102,632	
Issuance of bonds.....	(500,000)	
Premium from issuance of bonds.....	(202,153)	
Net amortization of premium from issuance of bonds.....	677,098	
Debt service principal payments.....	<u>4,302,159</u>	
Net effect of reporting long-term debt.....		4,379,736
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	218,562	
Net change in accrued interest on long-term debt.....	56,166	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(4,529,806)	
Net change in net pension liability.....	4,474,372	
Net change in net other postemployment benefits liability.....	<u>(2,039,568)</u>	
Net effect of recording long-term liabilities.....		<u>(1,820,274)</u>
Change in net position of governmental activities.....		\$ <u><u>7,830,486</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

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

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2018

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

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

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer contributions.....	\$ 90,605	\$ -
Employer contributions for other postemployment benefit payments....	2,694,490	-
Private donations.....	-	1,666
Total contributions.....	<u>2,785,095</u>	<u>1,666</u>
Investment income.....	<u>14,097</u>	<u>1,314</u>
TOTAL ADDITIONS.....	<u>2,799,192</u>	<u>2,980</u>
<u>DEDUCTIONS:</u>		
Other postemployment benefit payments.....	2,694,490	-
Educational scholarships.....	-	16,700
TOTAL DEDUCTIONS.....	<u>2,694,490</u>	<u>16,700</u>
NET INCREASE (DECREASE) IN NET POSITION.....	104,702	(13,720)
NET POSITION AT BEGINNING OF YEAR.....	<u>820,135</u>	<u>267,965</u>
NET POSITION AT END OF YEAR.....	<u>\$ 924,837</u>	<u>\$ 254,245</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Joint Ventures – The Town is a member of the South Shore Vocational Technical High School District along with the Towns of Abington, Cohasset, Hanover, Hanson, Norwell, Rockland and Whitman. The South Shore Vocational Technical High School District serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the South Shore Vocational Technical High School District and each member is responsible for its proportionate share of the operational and capital cost of the South Shore Vocational Technical High School District, which are paid in the form of assessments. The Town does not have an equity interest in the South Shore Vocational Technical High School District and the 2018 assessment was \$750,263. Separate financial statements may be obtained by writing to the Treasurer at 476 Webster Street, Hanover, Massachusetts 02339.

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

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

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

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

The following fiduciary fund types are reported:

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

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 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 Charges

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

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

Departmental and Other

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

Special Assessments

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

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

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

Governmental Fund Financial Statements

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

J. Unavailable Revenue

Fund Financial Statements

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

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

Net position has been "restricted for" the following:

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

S. Individual Fund Deficits

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

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

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

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

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town's investment policy requires the Treasurer to review, on a quarterly basis, the Call Reports and/or the Uniform Bank Performance Report of any institution conducting business with the Town that receives a "Yellow" classification or less than three stars on the previous quarter's Veribanc report. As of June 30, 2018, the Town does not have any investments subject to custodial credit risk.

Interest Rate Risk

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

Credit Risk

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

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

Concentration of Credit Risk

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

Fair Value Measurement

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

NOTE 3 – RECEIVABLES

At June 30, 2018, receivables for the individual major governmental funds, nonmajor governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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

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

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

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

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

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 21,104,462	\$ -	\$ -	\$ 21,104,462
Construction in progress.....	67,404,793	705,719	(62,687,230)	5,423,282
Total capital assets not being depreciated.....	<u>88,509,255</u>	<u>705,719</u>	<u>(62,687,230)</u>	<u>26,527,744</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,290,162	770,361	-	5,060,523
Buildings and improvements.....	76,557,882	70,560,461	-	147,118,343
Machinery and equipment.....	11,212,207	872,785	-	12,084,992
Infrastructure.....	33,014,839	6,067,074	-	39,081,913
Vehicles.....	8,827,281	-	(153,155)	8,674,126
Total capital assets being depreciated.....	<u>133,902,371</u>	<u>78,270,681</u>	<u>(153,155)</u>	<u>212,019,897</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,160,869)	(186,818)	-	(1,347,687)
Buildings and improvements.....	(18,224,318)	(2,675,908)	-	(20,900,226)
Machinery and equipment.....	(9,074,539)	(655,346)	-	(9,729,885)
Infrastructure.....	(15,550,428)	(1,486,932)	-	(17,037,360)
Vehicles.....	(5,778,501)	(668,632)	153,155	(6,293,978)
Total accumulated depreciation.....	<u>(49,788,655)</u>	<u>(5,673,636)</u>	<u>153,155</u>	<u>(55,309,136)</u>
Total capital assets being depreciated, net.....	<u>84,113,716</u>	<u>72,597,045</u>	<u>-</u>	<u>156,710,761</u>
Total governmental activities capital assets, net.....	<u>\$ 172,622,971</u>	<u>\$ 73,302,764</u>	<u>\$ (62,687,230)</u>	<u>\$ 183,238,505</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 improvements.....	9,500	-	-	9,500
Machinery and equipment.....	796,338	72,555	-	868,893
Infrastructure.....	28,968,631	7,718,731	(210,111)	36,477,251
Vehicles.....	439,661	39,681	-	479,342
Total capital assets being depreciated.....	<u>30,214,130</u>	<u>7,830,967</u>	<u>(210,111)</u>	<u>37,834,986</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(3,718)	(238)	-	(3,956)
Machinery and equipment.....	(390,198)	(69,308)	-	(459,506)
Infrastructure.....	(5,549,154)	(821,717)	210,111	(6,160,760)
Vehicles.....	(295,008)	(43,542)	-	(338,550)
Total accumulated depreciation.....	<u>(6,238,078)</u>	<u>(934,805)</u>	<u>210,111</u>	<u>(6,962,772)</u>
Total capital assets being depreciated, net.....	<u>23,976,052</u>	<u>6,896,162</u>	<u>-</u>	<u>30,872,214</u>
Total water activities capital assets, net.....	<u>\$ 28,567,162</u>	<u>\$ 6,896,162</u>	<u>\$ (4,591,110)</u>	<u>\$ 30,872,214</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
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>3,754,464</u>	-	(79,464)	<u>3,675,000</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	5,035,082	-	-	5,035,082
Buildings and improvements.....	955,686	209,103	-	1,164,789
Machinery and equipment.....	1,685,114	34,475	-	1,719,589
Vehicles.....	150,000	-	-	150,000
Infrastructure.....	107,275	-	-	107,275
Total capital assets being depreciated.....	<u>7,933,157</u>	<u>243,578</u>	-	<u>8,176,735</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,670,961)	(208,582)	-	(3,879,543)
Buildings and improvements.....	(326,290)	(14,366)	-	(340,656)
Machinery and equipment.....	(1,179,954)	(69,726)	-	(1,249,680)
Vehicles.....	(15,000)	(1,073)	-	(16,073)
Infrastructure.....	(2,106)	(30,000)	-	(32,106)
Total accumulated depreciation.....	<u>(5,194,311)</u>	<u>(323,747)</u>	-	<u>(5,518,058)</u>
Total capital assets being depreciated, net.....	<u>2,738,846</u>	<u>(80,169)</u>	-	<u>2,658,677</u>
Total waterways activities capital assets, net.....	<u>\$ 6,493,310</u>	<u>\$ (80,169)</u>	<u>\$ (79,464)</u>	<u>\$ 6,333,677</u>

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

Governmental Activities:

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

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

Business-Type Activities:

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

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

NOTE 5 – INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

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

Due to/from other funds

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

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

Interfund transfers

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

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

NOTE 6 – LEASES

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

The assets acquired through capital leases are as follows:

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

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

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

NOTE 7 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2018, are as follows:

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

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

Bonds and Notes Payable Schedule – Governmental Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
MCWT 97-1031.....	2019	\$ 123,432	4.00 - 5.00	\$ 6,855
General Obligation Bonds of 2008.....	2026	3,248,500	3.00 - 5.00	1,280,000
General Obligation Bonds of 2011.....	2031	2,978,388	3.00 - 5.00	870,000
General Obligation Bonds of 2013.....	2033	5,262,021	2.00 - 2.75	3,330,000
General Obligation Refunding Bonds of 2015.....	2025	4,205,000	4.00 - 5.00	3,265,000
General Obligation Bonds of 2015.....	2040	68,258,000	2.00 - 5.00	59,490,000
General Obligation Refunding Bonds of 2016.....	2025	529,100	2.00 - 4.00	400,000
General Obligation Bonds of 2017.....	2037	3,500,000	2.00 - 4.00	3,282,141
General Obligation Bonds of 2018.....	2038	500,000	2.00	<u>500,000</u>
Total Bonds Payable.....				72,423,996
Add: Unamortized premium on bonds.....				<u>4,572,622</u>
Total Bonds Payable, net.....				<u>\$ 76,996,618</u>

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

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

Bonds and Notes Payable Schedule – Enterprise Funds

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

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

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

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

Year	Principal	Interest	Total
2019.....	\$ 3,358,318	\$ 1,062,530	\$ 4,420,848
2020.....	2,569,601	947,267	3,516,868
2021.....	2,547,850	844,635	3,392,485
2022.....	2,405,105	746,255	3,151,360
2023.....	2,405,295	657,232	3,062,527
2024.....	2,346,780	567,942	2,914,722
2025.....	1,659,587	506,255	2,165,842
2026.....	1,441,846	451,226	1,893,072
2027.....	1,151,941	403,898	1,555,839
2028.....	1,148,612	362,282	1,510,894
2029.....	1,150,428	323,262	1,473,690
2030.....	1,157,392	284,262	1,441,654
2031.....	1,154,508	245,219	1,399,727
2032.....	946,777	206,174	1,152,951
2033.....	949,205	175,478	1,124,683
2034.....	575,000	145,500	720,500
2035.....	575,000	122,500	697,500
2036.....	555,000	99,900	654,900
2037.....	555,000	77,700	632,700
2038.....	555,000	55,500	610,500
2039.....	555,000	33,300	588,300
2040.....	<u>555,000</u>	<u>11,100</u>	<u>566,100</u>
Total.....	<u>\$ 30,318,245</u>	<u>\$ 8,329,417</u>	<u>\$ 38,647,662</u>

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

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

Changes in Long-Term Liabilities

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

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

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town utilizes a hierarchy for fund balance classifications based on the constraints imposed on the uses of those resources. The Town reports two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or that are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

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

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

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

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

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

As of June 30, 2018, the governmental fund balances consisted of the following:

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

NOTE 10 – RISK FINANCING

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

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

NOTE 11 – PENSION PLAN*Plan Descriptions*

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

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

Special Funding Situation

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

Benefits Provided

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

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

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

There were no changes of benefit terms that affected the total pension liability at December 31, 2017.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2017 and totaled \$4,530,275, 24.72% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2018, the Town reported a liability of \$35,785,407 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportion was 6.63%, which increased from its proportion of 6.559% measured at December 31, 2016.

Pension Expense

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

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

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

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

<u>Year ended June 30:</u>	
2019.....	\$ 590,068
2020.....	141,187
2021.....	(757,834)
2022.....	(956,086)
Total.....	\$ (982,665)

Actuarial Assumptions

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

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

Investment Policy

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

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

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

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

Rate of Return

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

Discount Rate

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

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

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

Changes in Assumptions and Plan Provisions

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

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

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

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

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

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

Active members.....	693
Inactive employees or beneficiaries currently receiving benefits.....	<u>562</u>
Total.....	<u><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, 2018:

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

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

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

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

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

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

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

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

Changes in the Net OPEB Liability

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

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

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

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

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

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

Changes in Assumptions – None.

Changes in Plan Provisions – None.

NOTE 13 – LANDFILL CLOSURE COSTS

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill cover is installed. The Town presently appropriates approximately \$152,000 per year for post-closure care costs and has recorded a liability of \$900,000 in the business-type activities as a result of this activity. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

NOTE 14 – COMMITMENTS

The Town has various commitments related to the construction projects which will be financed through long-term borrowing. These projects include \$5.7 million for middle school improvements, \$2 million for foreshore protection, \$2.3 million for library renovations, \$2.3 million for Cedar Point project, and \$1.2 million in sewer replacement and repairs.

The Town has entered into a long-term contract with South Eastern Massachusetts Partnership (SEMASS) to provide solid waste disposal services. Total charges are based on a formula of tipping and transport fees with costs rising gradually through 2023 when the contract expires. Actual expenditures under this contract for year 2018 were \$297,763.

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

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2018, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

NOTE 16 – SUBSEQUENT EVENTS

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

NOTE 17 – REVISION OF NET POSITION PREVIOUSLY REPORTED

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

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

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2018

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

(Continued)

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

YEAR ENDED JUNE 30, 2018

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

(Continued)

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

YEAR ENDED JUNE 30, 2018

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

(Continued)

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

YEAR ENDED JUNE 30, 2018

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

(Continued)

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

YEAR ENDED JUNE 30, 2018

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

(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**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2017.....	6.630%	\$ 35,785,407	\$ 18,325,397	195.28%	65.56%
December 31, 2016.....	6.559%	41,548,935	17,428,266	238.40%	58.32%
December 31, 2015.....	6.490%	41,160,818	17,153,284	239.96%	56.80%
December 31, 2014.....	6.490%	37,830,302	16,533,286	228.81%	58.88%

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

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

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

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

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

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

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

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

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

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

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

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

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

See notes to required supplementary information.

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

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

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

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

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

See notes to required supplementary information.

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

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

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

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

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

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2018 approved budget for the general fund includes \$76.7 million in current year appropriations and other amounts to be raised and \$4.6 million in encumbrances and appropriations carried over from previous years. During the year, additional appropriations were approved totaling \$4.4 million.

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

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2018, is presented below:

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

NOTE B – PENSION PLAN

Pension Plan Schedules

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

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

B. Schedule of the Town’s Contributions

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

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

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

D. Changes in Assumptions

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

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

E. Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

B. Schedule of the Town’s Contributions

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

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

C. Schedule of Investment Returns

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

D. Changes in Assumptions – None.

E. Changes in Plan Provisions – None.

Combining and Individual Fund Statements

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

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

Individual fund statements offer more descriptive account information.

Nonmajor Governmental Funds

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds:

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

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

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

Permanent Fund:

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2018

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

(Continued)

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

(Concluded)

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

JUNE 30, 2018

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

(Continued)

Special Revenue Funds				Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Highway Improvements	Title V Program	Affordable Housing	Subtotal	Library Renovation	Middle School Construction	Subtotal	Town Trust Funds	
\$ -	\$ 100	\$ -	\$ 584	\$ -	\$ -	\$ -	\$ -	\$ 584
-	-	-	2,158	-	-	-	-	2,158
-	-	-	270,229	-	-	-	-	270,229
9,101	-	-	4,746,039	997,096	1,613,008	2,610,104	-	7,356,143
-	500	-	4,834,399	-	-	-	-	4,834,399
-	-	-	240,784	200,000	-	200,000	17,240	458,024
-	-	11,962	16,714	2,177	-	2,177	1,726	20,617
<u>9,101</u>	<u>600</u>	<u>11,962</u>	<u>10,110,907</u>	<u>1,199,273</u>	<u>1,613,008</u>	<u>2,812,281</u>	<u>18,966</u>	<u>12,942,154</u>
-	-	20,197	679,693	-	-	-	-	679,693
-	-	-	431,410	-	-	-	99,311	530,721
-	-	-	4,735,611	-	6,543,688	6,543,688	-	11,279,299
36,201	-	-	5,387,053	-	-	-	-	5,387,053
-	-	-	408,140	-	-	-	-	408,140
-	-	-	487,331	135,580	-	135,580	36,939	659,850
<u>36,201</u>	<u>-</u>	<u>20,197</u>	<u>12,129,238</u>	<u>135,580</u>	<u>6,543,688</u>	<u>6,679,268</u>	<u>136,250</u>	<u>18,944,756</u>
<u>(27,100)</u>	<u>600</u>	<u>(8,235)</u>	<u>(2,018,331)</u>	<u>1,063,693</u>	<u>(4,930,680)</u>	<u>(3,866,987)</u>	<u>(117,284)</u>	<u>(6,002,602)</u>
-	-	-	500,000	-	-	-	-	500,000
-	-	-	202,153	-	-	-	-	202,153
-	-	206,432	206,432	-	-	-	-	206,432
36,201	-	-	134,953	-	-	-	185,000	319,953
-	(6,858)	-	(709,988)	-	-	-	(170,000)	(879,988)
<u>36,201</u>	<u>(6,858)</u>	<u>206,432</u>	<u>333,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>348,550</u>
9,101	(6,258)	198,197	(1,684,781)	1,063,693	(4,930,680)	(3,866,987)	(102,284)	(5,654,052)
-	21,500	751,614	10,400,323	(1,512,109)	7,885,989	6,373,880	535,510	17,309,713
<u>\$ 9,101</u>	<u>\$ 15,242</u>	<u>\$ 949,811</u>	<u>\$ 8,715,542</u>	<u>\$ (448,416)</u>	<u>\$ 2,955,309</u>	<u>\$ 2,506,893</u>	<u>\$ 433,226</u>	<u>\$ 11,655,661</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, 2018

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

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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.



A seal enjoys the ice in Scituate during the winter.

Statistical Section

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Net Position By Component

Last Ten Years

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018
Governmental activities										
Net investment in capital assets.....	\$ 49,839,475	\$ 54,816,911	\$ 54,601,696	\$ 55,977,544	\$ 56,560,454	\$ 57,977,964	\$ 58,009,621	\$ 74,483,888	\$ 93,697,063	\$ 104,186,614
Restricted.....	(199,509)	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118	12,110,522
Unrestricted.....	13,013,951	27,219	1,208,526	413,970	(2,073,085)	(37,686,872)	(39,543,990)	(41,330,572)	(94,512,877)	(95,111,346)
Total governmental activities net position.....	\$ 62,653,917	\$ 63,658,270	\$ 63,298,355	\$ 64,965,347	\$ 63,308,767	\$ 30,436,038	\$ 33,431,886	\$ 44,206,189	\$ 13,355,304	\$ 21,185,790
Business-type activities										
Net investment in capital assets.....	\$ 35,437,109	\$ 35,539,137	\$ 25,231,111	\$ 26,572,988	\$ 27,524,735	\$ 28,948,580	\$ 30,168,211	\$ 33,793,072	\$ 37,113,868	\$ 37,620,238
Restricted.....	4,352,481	-	-	-	-	-	-	-	-	-
Unrestricted.....	943,745	4,725,581	15,346,008	14,228,936	13,527,535	15,231,833	15,476,554	12,603,082	8,026,012	7,816,611
Total business-type activities net position.....	\$ 40,733,335	\$ 40,264,718	\$ 40,577,119	\$ 40,801,924	\$ 41,052,270	\$ 44,180,413	\$ 45,644,765	\$ 46,396,154	\$ 45,139,880	\$ 45,436,849
Primary government										
Net investment in capital assets.....	\$ 85,276,584	\$ 90,356,048	\$ 79,832,807	\$ 82,550,532	\$ 84,085,189	\$ 86,926,544	\$ 88,177,832	\$ 108,276,960	\$ 130,810,931	\$ 141,806,852
Restricted.....	4,152,972	8,814,140	7,488,133	8,573,833	8,821,398	10,144,946	14,966,255	11,052,873	14,171,118	12,110,522
Unrestricted.....	13,957,696	4,752,800	16,554,534	14,642,906	11,454,450	(22,455,039)	(24,067,436)	(28,727,490)	(86,486,865)	(87,294,735)
Total primary government net position.....	\$ 103,387,252	\$ 103,922,988	\$ 103,875,474	\$ 105,767,271	\$ 104,361,037	\$ 74,616,451	\$ 79,076,651	\$ 90,602,343	\$ 58,495,184	\$ 66,622,639

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

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

Source: Audited Financial Statements

Changes in Net Position

Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)
Expenses										
Governmental activities:										
General government.....	\$ 3,009,851	\$ 3,246,946	\$ 4,323,746	\$ 4,256,315	\$ 3,791,027	\$ 4,226,125	\$ 4,876,844	\$ 5,984,034	\$ 7,189,607	\$ 5,225,619
Public safety.....	7,546,848	11,084,521	10,738,455	11,473,602	11,893,978	12,168,321	13,092,547	12,078,310	14,026,757	13,003,419
Education.....	33,027,486	44,988,566	47,275,114	50,586,444	51,771,927	54,642,980	49,944,296	53,653,828	58,568,294	62,030,141
Public works.....	5,599,076	5,249,424	4,903,562	4,193,275	6,166,961	5,471,895	6,767,282	6,784,427	6,913,537	7,736,141
Human services.....	640,542	646,098	929,568	948,776	1,125,471	1,212,812	1,113,052	1,172,068	1,283,390	1,184,990
Culture and recreation.....	1,876,715	3,215,979	1,902,885	1,953,509	2,015,558	2,103,933	2,129,813	2,294,558	2,147,386	1,571,687
Pension and fringe benefits.....	17,687,715	-	-	-	-	-	-	-	-	-
State and county charges.....	519,199	-	-	-	-	-	-	-	-	-
Community Preservation.....	266,799	-	286,425	59,513	2,480	721,633	155,246	130,760	224,085	669,199
Interest.....	648,430	565,702	925,853	415,187	651,163	566,494	994,681	2,879,164	2,734,823	2,504,115
Total government activities expenses.....	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	93,925,311
Business-type activities:										
Water.....	2,623,876	3,356,155	2,606,437	2,567,621	2,638,627	2,144,201	2,664,045	3,755,045	3,545,095	3,468,124
Sewer.....	2,898,587	2,727,459	3,390,595	2,962,259	2,735,738	2,648,252	3,188,094	2,935,172	2,768,239	2,606,647
Transfer Station.....	1,098,783	966,933	971,757	1,015,410	958,265	1,056,911	953,805	1,228,775	1,053,676	1,069,578
Widow's Walk Golf Course.....	1,133,153	1,085,893	990,937	1,045,083	1,083,881	913,694	1,004,683	1,101,808	1,028,660	968,417
Waterways.....	859,709	911,562	971,278	934,540	861,637	837,378	896,952	1,401,768	1,112,560	777,253
Total business-type activities expenses.....	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	8,890,019
Total primary government expenses.....	\$ 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	\$ 102,815,330
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 1,931,823	\$ 2,107,151	\$ 1,975,725	\$ 2,068,233	\$ 1,989,005	\$ 1,969,243	\$ 1,953,724	\$ 2,110,824	\$ 2,251,687	\$ 2,470,152
Public works charges for services.....	40,441	1,385,721	21,373	132,668	497,826	590,965	654,143	660,659	670,351	733,935
Culture and recreation charges for services.....	455,492	588,397	392,099	429,036	408,533	401,894	435,018	434,336	447,629	501,107
Other charges for services.....	2,062,647	737,027	1,550,241	2,097,650	2,205,136	2,130,181	3,032,230	3,387,990	3,152,396	3,573,853
Operating grants and contributions.....	15,276,240	15,955,756	15,283,108	16,542,324	15,220,665	16,949,683	13,015,067	16,097,906	24,218,440	19,742,143
Capital grant and contributions.....	367,699	2,346,192	1,956,834	1,612,713	958,424	1,344,565	4,496,678	7,304,433	13,532,885	3,745,605
Total government activities program revenues.....	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	30,766,795
Business-type activities:										
Charges for services - water.....	2,893,896	2,511,499	2,709,682	2,618,625	3,031,977	2,421,697	4,160,555	4,680,171	4,112,668	3,620,450
Charges for services - sewer.....	2,385,755	1,802,906	1,643,983	1,682,559	1,778,510	1,732,988	1,386,987	2,096,817	2,069,025	2,035,828
Charges for services - transfer station.....	1,050,712	1,093,206	1,231,388	1,373,639	1,228,419	1,201,259	1,202,974	1,168,672	1,105,277	1,259,774
Charges for services - Widow's Walk golf course.....	1,272,009	1,229,438	1,090,684	1,262,340	1,244,651	1,209,170	1,255,771	1,350,468	1,111,370	1,098,286
Charges for services - waterways.....	955,841	1,007,672	1,074,928	993,395	977,575	1,036,067	1,043,816	1,119,575	1,182,537	1,165,960
Operating grants and contributions.....	611,006	132,208	35,300	16,237	1,725	238,088	213,160	184,361	137,679	69,760
Capital grant and contributions.....	-	571,042	1,309,128	692,556	188,126	6,430,626	688,590	480,722	-	-
Total business-type activities program revenues.....	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	9,250,058
Total primary government program revenues.....	\$ 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	\$ 40,016,853
Net (Expense)/Revenue										
Governmental activities.....	\$ (50,688,319)	\$ (45,876,992)	\$ (50,106,228)	\$ (51,003,997)	\$ (56,138,976)	\$ (57,727,662)	\$ (55,486,901)	\$ (54,981,001)	\$ (48,814,491)	\$ (63,158,516)
Business-type activities.....	555,111	(900,031)	164,089	114,438	172,835	6,669,459	1,244,274	658,218	210,326	360,039
Total primary government net expense.....	\$ (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)	\$ (62,798,477)
General Revenues and other										
Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 41,719,348	\$ 42,533,323	\$ 43,632,211	\$ 46,614,390	\$ 48,002,624	\$ 50,035,148	\$ 51,463,244	\$ 57,633,851	\$ 60,149,945	\$ 61,860,468
Motor vehicle and other excise taxes.....	2,130,682	2,145,931	2,305,255	2,328,915	2,530,107	2,818,956	3,026,616	3,198,586	3,357,113	3,499,736
Community preservation taxes.....	-	-	992,107	1,070,846	1,105,543	1,158,916	1,201,728	1,355,633	1,428,997	1,488,590
Penalties and interest on taxes.....	413,014	367,174	465,049	535,272	447,439	640,163	446,774	487,036	523,966	408,710
Payments in lieu of taxes.....	-	-	-	-	-	-	19,601	20,370	19,907	16,798
Grants and contributions not restricted to specific programs.....	2,278,639	1,738,954	1,803,153	1,799,495	1,806,527	1,933,158	1,938,534	2,305,361	2,279,401	2,419,774
Unrestricted investment income.....	339,229	188,874	102,462	74,257	55,527	88,567	186,336	611,498	542,053	528,030
Gain on sale of capital assets.....	-	-	32,277	32,690	-	-	-	-	-	206,432
Miscellaneous.....	3,441	-	219,218	284,355	576,098	679,700	311,551	71,543	119,997	324,069
Transfers.....	(274,219)	(249,436)	(105,159)	(69,231)	(41,469)	(57,239)	(111,635)	71,426	(136,396)	238,395
Total governmental activities.....	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	70,989,002
Business-type activities:										
Boat excise taxes.....	n/a	n/a	43,153	41,136	36,042	39,821	40,363	40,695	39,761	40,378
Tax liens.....	-	-	-	-	-	-	42,128	57,333	77,800	18,293
Unrestricted investment income.....	-	-	-	-	-	-	25,952	66,569	89,895	116,654
Transfers.....	274,219	249,436	105,159	69,231	41,469	57,239	111,635	(71,426)	(136,396)	(238,395)
Total business-type activities.....	274,219	249,436	148,312	110,367	77,511	97,060	220,078	93,171	71,060	(63,070)
Total primary government.....	\$ 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	\$ 70,925,932
Changes in Net Position										
Governmental activities.....	\$ (4,078,185)	\$ 847,828	\$ (659,655)	\$ 1,666,992	\$ (1,656,580)	\$ (430,293)	\$ 2,995,848	\$ 10,774,303	\$ 19,743,284	\$ 7,830,486
Business-type activities.....	829,330	(650,595)	312,401	224,805	250,346	6,766,519	1,464,352	751,389	281,386	296,969
Total primary government.....	\$ (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	\$ 8,127,455

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

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

Fund Balances, Governmental Funds

Last Ten Years

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

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

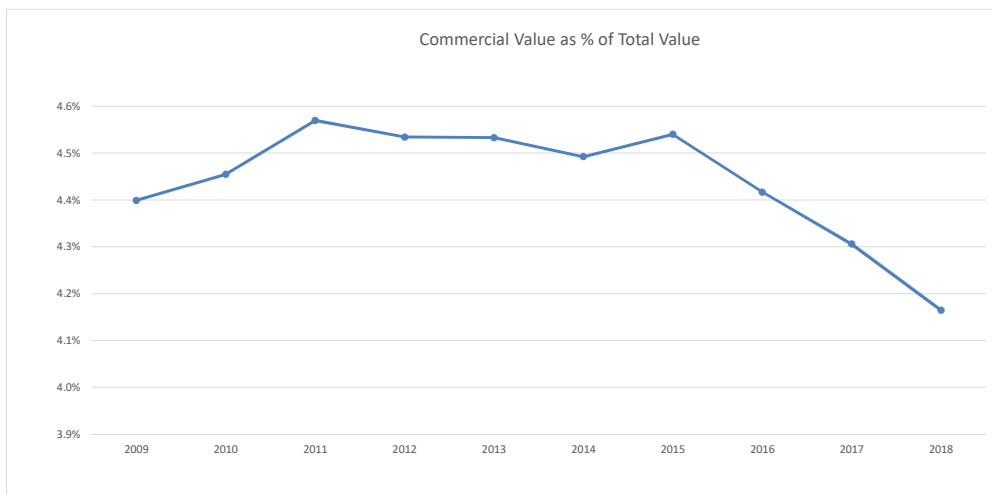
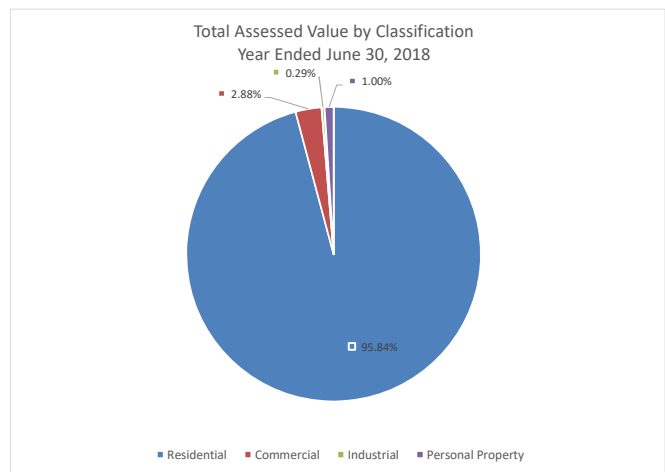
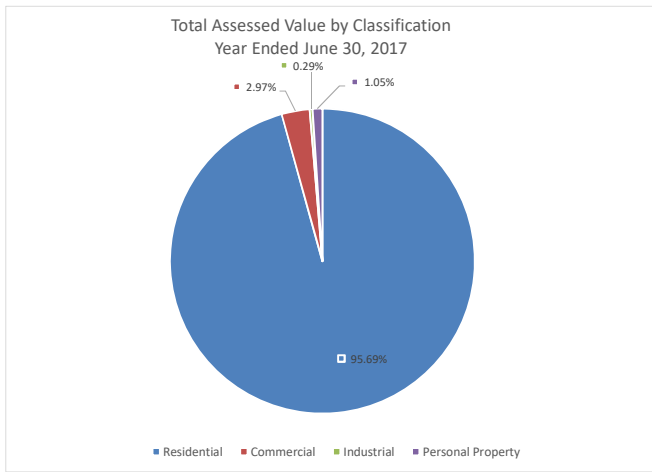
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 40,825,496	\$ 42,007,719	\$ 43,516,682	\$ 46,526,693	\$ 47,666,579	\$ 49,925,979	\$ 51,176,629	\$ 57,169,767	\$ 59,718,484	\$ 61,421,377
Tax liens.....	-	-	-	-	-	-	415,491	472,610	488,116	314,720
Motor vehicle and other excise taxes.....	2,153,281	2,125,130	2,283,729	2,329,038	2,449,218	2,837,763	3,025,388	3,188,658	3,350,152	3,190,904
Meals tax.....	-	-	-	-	-	-	-	-	-	261,318
Penalties and interest.....	413,014	367,174	420,610	498,556	351,965	403,063	422,000	451,408	483,632	436,937
Fees.....	-	139,064	197,399	204,034	1,338,592	419,408	504,848	547,967	526,908	353,052
Licenses and permits.....	490,717	515,326	707,500	715,175	880,443	812,414	812,387	932,531	937,395	982,280
Fines and forfeitures.....	80,288	131,502	103,033	80,716	95,779	99,660	68,513	76,842	100,863	44,011
Intergovernmental.....	17,473,280	19,475,135	17,824,475	20,153,547	17,685,685	19,680,358	18,044,124	25,491,847	40,191,793	24,962,762
Departmental and other.....	3,903,905	3,995,975	3,853,829	4,248,297	3,742,481	4,650,874	5,066,629	5,221,152	5,184,107	6,121,907
Community Preservation surtax.....	969,281	994,875	1,002,872	1,084,819	1,108,110	1,166,312	1,203,127	1,355,659	1,431,186	1,487,827
Contributions.....	449,298	434,265	145,106	122,159	197,296	170,014	696,070	540,353	423,760	458,024
Investment income.....	367,970	188,874	123,988	91,962	76,516	110,983	186,336	611,498	542,053	526,030
Total Revenues.....	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	100,561,149
Expenditures:										
General government.....	2,968,861	4,682,436	3,401,320	3,320,198	2,771,675	3,165,334	3,698,541	4,623,030	5,542,407	4,111,036
Public safety.....	7,250,293	6,244,803	7,170,482	7,828,098	8,041,331	7,994,485	9,040,139	8,470,823	8,993,964	9,275,776
Education.....	31,838,239	28,627,013	31,902,376	34,919,094	35,331,405	37,517,551	38,165,191	39,023,838	40,319,297	41,818,256
Public works.....	4,557,339	4,154,357	3,166,808	2,416,924	4,200,037	3,412,676	4,488,000	4,280,588	4,141,093	4,886,881
Human services.....	667,759	489,723	490,552	499,515	618,433	712,977	800,743	836,664	892,884	943,859
Culture and recreation.....	1,675,681	1,668,374	1,388,571	1,425,568	1,494,656	1,533,887	1,535,932	1,711,110	1,413,092	966,689
Community preservation.....	173,066	1,005,553	286,425	59,513	2,480	721,633	126,257	81,681	130,627	523,953
Pension benefits.....	-	9,397,998	9,953,489	10,171,678	10,963,813	11,179,729	8,032,901	10,521,634	13,067,450	13,760,983
Employee benefits.....	13,813,269	5,289,402	5,653,254	5,876,878	5,795,367	5,671,426	5,757,387	6,080,414	6,519,284	6,988,176
State and county charges.....	519,199	547,726	520,678	472,015	445,762	476,139	499,806	561,038	690,039	698,143
Capital outlay.....	1,645,315	6,680,329	3,643,219	4,979,559	3,521,008	6,325,715	9,252,829	31,225,154	70,717,211	16,289,170
Debt service:										
Principal.....	1,674,529	1,488,858	1,463,858	1,474,328	1,413,858	1,767,879	1,581,856	4,459,856	4,423,512	4,302,159
Principal - current refunding.....	-	-	-	-	-	-	-	564,514	-	-
Interest.....	663,957	692,885	771,919	579,727	488,798	584,080	533,531	2,835,437	3,285,814	3,237,379
Total Expenditures.....	67,447,507	70,969,457	69,812,951	74,023,095	75,088,623	81,063,511	88,331,301	115,275,781	160,136,674	107,802,460
Excess (deficiency) of revenues over (under) expenditures.....	(320,977)	(594,418)	366,272	2,031,901	504,041	(786,683)	(6,709,759)	(19,215,489)	(46,758,225)	(7,241,311)
Other Financing Sources (Uses):										
Issuance from bonds and notes.....	-	-	3,245,470	1,859,021	3,403,000	-	68,258,000	-	3,500,000	500,000
Issuance from refunding bonds.....	-	-	-	-	-	-	4,205,000	529,100	-	-
Premium from issuance of bonds and notes.....	-	-	148,644	18,480	-	-	5,300,269	-	34,648	202,153
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	613,188	35,414	-	-
Capital lease financing.....	-	-	-	-	-	239,937	-	1,008,059	-	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-	-	-	-	206,432
Transfers in.....	700,000	-	1,691,667	932,770	940,174	1,814,552	2,131,049	7,492,109	1,442,237	1,871,866
Transfers out.....	(974,218)	3,365,070	(1,796,826)	(1,002,001)	(981,643)	(1,871,791)	(2,242,684)	(7,420,683)	(1,305,841)	(1,633,471)
Total other financing sources (uses).....	(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	1,146,980
Net change in fund balance.....	\$ (595,195)	\$ 2,770,652	\$ 3,655,227	\$ 3,840,171	\$ 3,865,572	\$ (603,985)	\$ 71,555,063	\$ (17,571,490)	\$ (43,087,181)	\$ (6,094,331)
Debt service as a percentage of noncapital expenditures.....	3.55%	3.39%	3.38%	2.98%	2.66%	3.15%	8.77%	9.35%	8.62%	8.24%

Notes:

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

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2009	\$4,029,488,420	\$9.68	\$138,848,190	\$6,152,800	\$40,416,000	\$185,416,990	\$9.68	4.4%	\$ 9.68	\$4,214,905,410
2010	\$3,804,980,088	\$10.56	\$130,039,832	\$5,585,400	\$41,772,270	\$177,397,502	\$10.56	4.5%	\$ 10.56	\$3,982,377,590
2011	\$3,675,696,207	\$11.25	\$127,662,193	\$5,585,400	\$42,758,110	\$176,005,703	\$11.25	4.6%	\$ 11.25	\$3,851,701,910
2012	\$3,610,700,846	\$12.34	\$127,007,544	\$5,181,100	\$39,308,800	\$171,497,444	\$12.34	4.5%	\$ 12.34	\$3,782,198,290
2013	\$3,608,700,390	\$12.72	\$126,075,000	\$5,181,100	\$40,087,220	\$171,343,320	\$12.72	4.5%	\$ 12.72	\$3,780,043,710
2014	\$3,654,706,380	\$13.05	\$125,105,420	\$9,112,700	\$37,686,890	\$171,905,010	\$13.05	4.5%	\$ 13.05	\$3,826,611,390
2015	\$3,763,130,865	\$13.10	\$125,426,835	\$12,415,000	\$41,124,550	\$178,966,385	\$13.10	4.5%	\$ 13.10	\$3,942,097,250
2016	\$3,901,948,229	\$14.14	\$126,200,871	\$12,415,000	\$41,692,030	\$180,307,901	\$14.14	4.4%	\$ 14.14	\$4,082,256,130
2017	\$4,091,047,873	\$14.09	\$126,931,317	\$12,397,200	\$44,743,570	\$184,072,087	\$14.09	4.3%	\$ 14.09	\$4,275,119,960
2018	\$4,258,651,412	\$13.95	\$127,874,848	\$12,738,600	\$44,453,220	\$185,066,668	\$13.95	4.2%	\$ 13.95	\$4,443,718,080



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

The Town is not subject to any overlapping revenue rates.

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

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Bay State Gas Company	Utility	\$ 15,402,330	1	0.35%	\$ 8,232,630	3	0.20%
Massachusetts Electric Company	Utility	10,890,320	2	0.25%			
Abbott P M/Chamberlain Management	Real Estate	7,844,100	3	0.18%	8,581,400	2	0.21%
Kent Village Associates	Housing	5,726,100	4	0.13%	5,983,100	6	0.15%
Scituate Solar, LLC	Real Estate	5,449,600	5	0.12%			
Suburban Realty Trust	Residential	4,650,100	6	0.10%	4,277,800	8	0.11%
Comcast of Massachusetts	Utility	4,645,890	7	0.10%			
South Shore Real Estate	Real Estate	4,194,200	8	0.09%			
Hatherly Country Club	Country Club	3,715,190	9	0.08%	3,993,630	9	0.10%
Herring Brook	Real Estate	3,460,100	10	0.08%			
Verizon New England Inc.	Utility				9,256,500	1	0.23%
National Grid	Utility				7,373,170	4	0.18%
Harborside Village Inc.	Mobile Homes				6,337,300	5	0.16%
HCRI Massachusetts Property Inc., Trust	Nursing Home				5,166,400	7	0.13%
Herring Brook Ltd Partnership	Education				3,986,200	10	0.10%
Totals \$		<u>65,977,930</u>		<u>1.48%</u>	<u>\$ 63,188,130</u>		<u>1.57%</u>

Source: Official Statements, Town of Scituate

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2009	\$40,800,384	\$249,897	\$40,550,487	99.39%	\$39,438,104	97.26%	\$564,340	\$40,002,444	98.65%
2010	\$42,053,907	\$152,088	\$41,901,819	99.64%	\$40,930,180	97.68%	\$489,615	\$41,419,795	98.85%
2011	\$43,334,646	\$115,758	\$43,218,888	99.73%	\$42,119,403	97.46%	\$400,032	\$42,519,435	98.38%
2012	\$46,672,324	\$249,523	\$46,422,801	99.47%	\$45,433,883	97.87%	\$434,613	\$45,868,496	98.81%
2013	\$48,082,156	\$144,913	\$47,937,243	99.70%	\$46,882,580	97.80%	\$543,692	\$47,426,272	98.93%
2014	\$49,937,279	\$114,882	\$49,822,397	99.77%	\$49,062,343	98.47%	\$466,423	\$49,528,766	99.41%
2015	\$51,671,474	\$112,627	\$51,558,847	99.78%	\$50,540,571	98.03%	\$449,771	\$50,990,342	98.90%
2016	\$57,723,102	\$275,943	\$57,447,159	99.52%	\$56,591,303	98.51%	\$593,285	\$57,184,588	99.54%
2017	\$60,236,440	\$250,001	\$59,986,439	99.58%	\$59,115,718	98.55%	\$588,786	\$59,704,504	99.53%
2018	\$61,989,867	\$249,617	\$61,740,250	99.60%	\$60,833,576	98.53%	\$0	\$60,833,576	98.53%



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

Ratios of Outstanding Debt by Type

Last Ten Years

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

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

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

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

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)
2009	\$ 44,052,775	\$ -	\$ 44,052,775	1.05%	\$ 2,406
2010	46,947,112	-	46,947,112	1.18%	2,566
2011	46,599,675	-	46,599,675	1.21%	2,591
2012	45,706,789	-	45,706,789	1.21%	2,507
2013	50,999,431	-	50,999,431	1.35%	2,735
2014	46,042,186	-	46,042,186	1.20%	2,443
2015	130,500,067	-	130,500,067	3.31%	6,924
2016	121,447,817	-	121,447,817	2.98%	6,552
2017	116,141,657	-	116,141,657	2.72%	6,273
2018	108,368,703	-	108,368,703	2.44%	5,777

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

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

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<u>Town of Scituate, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt and Direct Debt</u>
Debt repaid with property taxes:			
Plymouth County.....\$	1,650,000	6.05%	\$ 99,825
Massachusetts Bay Transportation Authority.....	5,099,190,000	0.076%	3,875,384
South Shore Regional Vocational Technical School District (SSRSD).....	460,000	7.58%	<u>34,868</u>
Estimated share of overlapping debt.....			4,010,077
Town direct debt.....			<u>76,996,618</u>
Total direct and overlapping debt.....			<u>\$ 81,006,695</u>

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

Source: Plymouth County Treasurer, SSRSD & Official statements

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

Computation of Legal Debt Margin

Last Ten Years

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

Source: Town Accountant's Office, Town of Scituate

Demographic and Economic Statistics

Last Ten Years

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

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

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Scituate	Municipal Government	1,230	1	12.85%	1,191	1	12.43%
Life Care Center	Nursing Home	185	2	1.93%	135	2	1.41%
Scituate Marketplace	Supermarket				120	3	1.25%
Total		<u>1,415</u>		<u>14.78%</u>	<u>1,446</u>		<u>15.09%</u>

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

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

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

Full-time Equivalent Town Employees by Function
Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government.....	26	26	26	28	28	30	31	32	34	35
Police.....	38	35	35	33	33	33	34	35	35	35
Fire.....	57	53	52	53	53	53	53	55	55	55
Education.....	412	388	365	376	379	396	466	455	450	447
Water.....	13	12	11	12	12	12	13	14	14	14
Sewer.....	9	7	8	8	8	8	8	8	8	8
Solid waste.....	4	4	4	4	4	4	4	4	4	4
Public works.....	28	25	24	25	25	23	27	27	27	27
Human services.....	8	7	7	8	8	8	9	10	10	10
Culture and recreation.....	25	24	24	23	22	22	22	22	22	22
Total	<u>619</u>	<u>580</u>	<u>555</u>	<u>568</u>	<u>572</u>	<u>589</u>	<u>667</u>	<u>662</u>	<u>659</u>	<u>657</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Years

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

Source: Various Town Departments & annual reports

Capital Asset Statistics by Function/Program

Last Ten Years

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

Source: Various Town Departments

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