

**THE TOWN OF MARSHFIELD,
MASSACHUSETTS**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**



**FOR THE YEAR
JULY 1, 2016 – JUNE 30, 2017**

On the cover:

Webster centennial, October 12, 1882



One of the many marshes in Marshfield.

Photos: Photos in this report are the courtesy of Elizabeth Bates, Town Assessor/Appraiser

TOWN OF MARSHFIELD, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



Prepared by:

**The Fiscal Team
Town of Marshfield, Massachusetts**



On February 8-9, 2013, the Blizzard of 2013 known as Storm Nemo severely impacted the Town of Marshfield. The blizzard caused flooding, prolonged power outages and significant tree damage. The storm also caused damage to infrastructure including compromising one of the Town's jetties and causing a build-up of silt in the channel to the Atlantic Ocean known as the Narrows.

TOWN OF MARSHFIELD, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

TABLE OF CONTENTS

Introductory Section.....	1
Letter of Transmittal.....	2
Organizational Chart.....	7
Certificate of Achievement Excellence in Financial Reporting	8
Principal Town Officials	9
Financial Section	11
Independent Auditor's Report.....	13
Management's Discussion and Analysis	16
Basic Financial Statements	26
Statement of Net Position.....	27
Statement of Activities	28
Governmental Funds – Balance Sheet	30
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position.....	31
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Proprietary Funds – Statement of Net Position.....	34
Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position	35
Proprietary Funds – Statement of Cash Flows	36
Fiduciary Funds – Statement of Fiduciary Net Position	37
Fiduciary Funds – Statement of Changes in Fiduciary Net Position.....	38
Notes to Basic Financial Statements	39
Required Supplementary Information.....	76
General Fund Budgetary Comparison Schedule.....	77
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	78
Pension Plan Schedules.....	81
Schedule of the Town's Proportionate Share of the Net Pension Liability.....	82
Schedule of Contributions	83
Schedule of Special Funding Amounts of the Net Pension Liability	84

Other Postemployment Benefit Plan Schedules	85
Schedule of Town's net OPEB Liability and Related Ratios	86
Schedule of Town Contributions	87
Schedule of Investment Returns	88
Schedule of Funding Progress and Employer Contributions	89
Actuarial Methods and Assumptions	90
Notes to Required Supplementary Information	91
Combining and Individual Fund Statements	96
Nonmajor Governmental Funds	97
Nonmajor Governmental Funds – Combining Balance Sheet	98
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100
Agency Fund	102
Agency Fund – Statement of Changes in Assets and Liabilities	103
Statistical Section	105
Net Position By Component – Last Ten Years	106
Changes in Net Position – Last Ten Years	107
Fund Balances, Governmental Funds – Last Ten Years	108
Changes in Fund Balances, Governmental Funds – Last Ten Years	109
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Years	110
Principal Taxpayers – Current Year and Eight Years Ago	111
Property Tax Levies and Collections – Last Ten Years	112
Ratios of Outstanding Debt by Type – Last Ten Years	113
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Years	114
Direct and Overlapping Governmental Activities Debt	115
Computation of Legal Debt Margin – Last Ten Years	116
Demographic and Economic Statistics – Last Ten Years	117
Principal Employers – Current Year and Eight Years Ago	118
Full-Time Equivalent Town Employees by Function – Last Ten Years	119
Operating Indicators by Function/Program – Last Ten Years	120
Capital Asset Statistics by Function/Program – Last Ten Years	121

Introductory Section



Pictured above is Blue Fish Cove, one of the many beaches in Marshfield.

Introductory Section



Michael A. Maresco
Town Administrator

Town of Marshfield

Board of Selectmen

870 Moraine Street

Marshfield, Massachusetts 02050

Tel: 781-834-5563 Fax: 781-834-5527

Letter of Transmittal

December 22, 2017

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

State law requires the Town of Marshfield 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 Marshfield, Massachusetts, for the year ending June 30, 2017 for your review.

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

The CAFR is designed to be used by the elected and appointed officials of Marshfield 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 Marshfield to review and understand.

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

The independent audit of the financial statements of the Town of Marshfield 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 Marshfield'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 Marshfield's MD&A can be found immediately following the report of the independent auditors.

Profile of Town

The Town of Marshfield was incorporated in 1640 and occupies a land area of approximately 28.35 square miles; noted by the local population as a "community of villages." It is governed by an open Town Meeting form of government and the Chief Executive Officer is the Board of Selectmen. Marshfield is located in southeastern Massachusetts in Plymouth County and has been recognized as one of the 14 safest communities in the United States. The Town of Marshfield is bordered by the Atlantic Ocean on the east, Duxbury on the south and southeast, Pembroke and Norwell on the west, and Scituate on the north. Marshfield is a coastal town located in east central Plymouth County approximately 32 miles south of Boston, 18 miles east of Brockton, 48 miles northeast of Providence, RI, and 225 miles north of New York City. State routes 3, 3A and 139 are the principal highways and roads serving the Town. Chartered flights throughout New England are available at the Marshfield Municipal Airport. The commuter rail is also in close proximity to Marshfield, giving residents ready access into the City of Boston and other adjacent communities. The Greater Attleborough Taunton Regional Transit Authority (GATRA) provides local bus service from Plymouth to Scituate, including services for persons with disabilities.

Local legislative decisions are made by an open Town Meeting, the purest form of democracy consisting of all of the registered voters in the Town. Subject to the legislative decisions made by the Town Meeting, the affairs of the Town are generally administered by a three-member Board of Selectmen, as well as five other elected Boards. According to the U.S. Department of Commerce, Bureau of Census conducted in 2010, the Town's population was 25,184. However, unofficially the Town's summer population increases (estimated) to over 40,000.

Local school affairs are administered by a five-member School Committee through the School Superintendent. Local taxes are assessed by a three-member elected Board of Assessors; all elected for staggered three-year terms on an at large basis. A three-member Board of Public Works, similarly elected, oversees the Town's principally self-supporting Sewer, Water, and Solid Waste enterprise funds in addition to the Highway and Cemetery Departments.

The Town of Marshfield provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, typical municipal financial services, water and sewer services, solid waste disposal, a library, streets, parks, services to senior citizens and Veterans, and recreational activities.

The Town of Marshfield's commitment to open space, historical preservation and community housing is evidenced by its acceptance of the Community Preservation Act beginning in year 2002 at the maximum 3% surcharge. These funds have been authorized by Town Meeting for the purchase of over 350 acres of open space preserving and protecting aquifers, habitats, woodlands, marshland and meadows.

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 Board of Selectmen has decided that the foundation of Marshfield's government, the Town Charter needed to be modernized. The Charter was adopted in 1975 with only very minimal changes. The Board appointed a Charter Review Committee to examine the Town's governance. It would be likely that one outcome for the Town would be to have a Finance Director built into the Charter. Marshfield had one bond rating increase in the last few years and becoming a AAA bond rated community is not an unrealistic goal for the Town. The Charter would also address all needs of the Town's governance. Improving the Town's organizational structure will create an effective and efficient organization.

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 Capital Improvement Program; maintenance of reserve balances despite tight budget; investing in technology to ensure efficient operations; and maintaining an aggressive debt management strategy for capital improvements and pursuing pay-as-you-go options whenever possible. The Town consistently seeks grant opportunities for operational services as well as capital improvements.

The Town faced fiscal challenges over the past year, mostly tied to personnel affairs and has not only resolved those challenges but came to a conclusion that will make the Town fiscally strong for years to come. New staff has joined the Town's operations that will provide a level of succession planning that has not existed in the past.

The Town has also enhanced its revenue flexibility by establishing Enterprise funds. This has allowed the Town to shift one hundred percent (except for certain amounts of sewer debt where the general fund is responsible for its 40% share) of the operating cost and capital improvements to the users of sewer, water, and solid waste services so that no tax support goes towards providing these services. All related debt, except as discussed above, is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

In 2016, the Town's legislative body successfully adopted a "meals tax" of .75% that is projected to generate approximately \$300,000 of "new" revenue each year.

Major Initiatives

Flood Insurance

In 2016 the FEMA appeals to correct the flood maps moved to a higher level of technical review. While the Town's appeal was successful and 400 homes were taken out of the new proposed flood zones; the maps still had technical errors that needed to be resolved. In order to address the remaining errors, under the law, the Town had to adopt the maps, with technical errors. In the fall of 2015 the Town overwhelmingly adopted the new flood maps, with the intention of pursuing the remaining errors. The Town will be seeking assistance from the federal legislators and support of the scientific consultant Woods Hole Group.

Building Projects

The Town has possibly the most popular skate board park in southeastern Massachusetts and a notable recreational facility, Peter Igo Park, both opened for business in 2016. Peter Igo Park's focal point may be tennis; but basketball, pickleball, and kayaking are also on the Parks itinerary. The Harbor Park was also opened

allowing our residents additional access to the harbor area. Harbor Park and the Peter Igo Park are connected by a walkway. Also, the Library Plaza development got underway and was opened in the spring of 2017.

Capital Assessment Project

The Towns Facility Manager completed the first total building assessment that will define the Towns future needs for maintenance and building improvements. This tool will help the Town's budgeting process and has initiated a dialogue to create a permanent building committee. The overall goal of the Town wide buildings assessment is to create a responsible maintenance plan for all the Towns buildings.

Reserves

Management has adopted reserve policies to address key areas of concern including: Operational Budget Reserve Fund, Stabilization Fund, Property and Liability Insurance Reserve, Workers Compensation for Police/Fire Reserve, Postemployment Liability Trust Fund and Town Compensated Absence Reserve.

The Town is rebuilding its Stabilization Fund after having used the fund to support the general fund budget in years 2003 through 2008. Over the last five years, the Town has increased the balance in the fund to \$2.4 million. Our goal is 5% of our Annual Budget. The Town plans to achieve this goal by setting aside 25% of free cash.

The Property & Liability Reserve will allow the Town to increase deductibles for general liability losses to decrease premium costs in future years. The Town Compensated Absence Reserve insulates the Town from the budgetary impact of unexpected retirements or separations from service of senior employees with those benefits.

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 Fiscal Team are responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements. The Town completed a Fraud Risk Assessment that has become a guiding tool for all departments. Because the cost of internal controls should not outweigh their benefits, the Town of Marshfield'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.

Budgetary Controls

The Town Administrator presents a budget to the Board of Selectmen which is then reviewed and with amendments presented to the Advisory Board. The nine-member Advisory Board 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 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 Board 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 Treasurer/Collector is responsible for cash and debt management, and the investment of Town funds.

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.

Financial Management

The Town adopted a policy in year 2011 to codify the allocation of indirect costs between the three Enterprise funds and the General Fund. A written agreement developed by the Fiscal Team, has been approved by the Board of Selectmen and the School Committee to codify the allocation of revenues and fixed costs between the school and Town departments based on existing verbal agreements. Finally, additional reserves for uncompensated balances and capital projects are being considered for adoption in 2018. For 2019, the Town is working to establish a system to make the Beach operations a cashless system through the acceptance of credit and debit cards.

Acknowledgements

We would like to 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 Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances.

Respectfully submitted,



Michael Maresco
Town Administrator



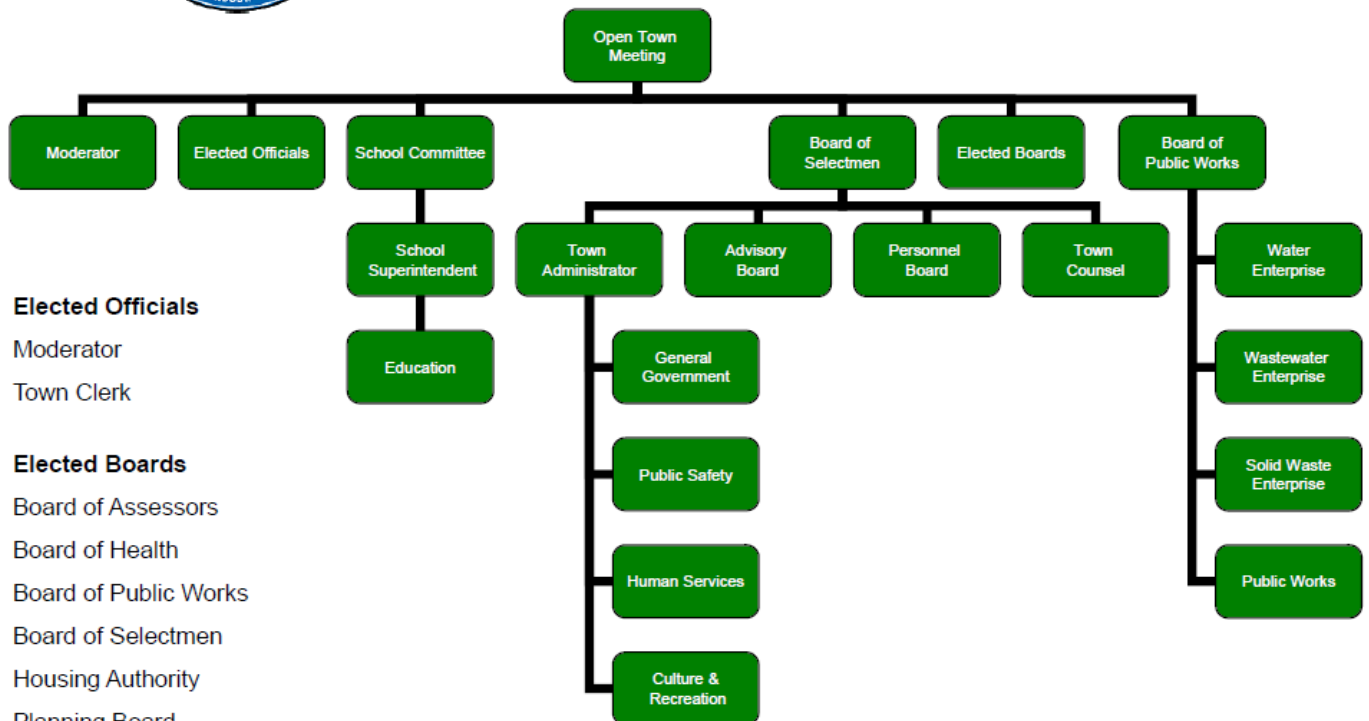
Christine McCarthy
Town Accountant



Patrick Dello Russo
Treasurer/Collector



Town of Marshfield





Government Finance Officers Association

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

Presented to

**Town of Marshfield
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Michael G. Bradley, Chairperson	2018
	James J. Fitzgerald, Vice Chairperson	2019
	Joseph Kelleher, Clerk	2020
Moderator	Donald Gibson	2020
Town Clerk	Patricia A. Picco	2018
School Committee	Sean P. Costello, Chairperson	2018
	Carol Shrand, Vice Chairperson	2017
	Richard Greer, Secretary	2019
	Kendra Stetson Campbell	2018
	Heidi L. Church	2019

Appointed Officials

Town Administrator	Michael Maresco
Superintendent of Public Schools	Jeffery W. Granatino
Treasurer/Collector	Patrick Dello Russo
Town Accountant	Christine McCarthy
Acting Assessor/Appraiser	Anne Marie Sinnott
Fire Chief	William Hocking
Police Chief	Phil Tavares
DPW Superintendent	Thomas J. Reynolds

This page intentionally left blank.

Financial Section



Pictured above is the Cut River.

Financial Section

This page intentionally left blank.



100 Quannapowitt Parkway

Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

www.powersandsullivan.com

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Marshfield, 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 Marshfield, Massachusetts as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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 from 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 Marshfield, Massachusetts, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marshfield, Massachusetts' basic financial statements. The introductory section, combining and individual fund 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 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 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 22, 2017, on our consideration of the Town of Marshfield, 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 Marshfield, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers + Juliani, LLC". The signature is written in a cursive, flowing style.

December 22, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Marshfield, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Marshfield for the year ended June 30, 2017. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Financial Highlights

- The government-wide assets and deferred outflows of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$95.2 million and \$57.9 million (net position) for governmental activities and business-type activities, respectively.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$9 million, an increase of \$2.6 million over the prior year. Total fund balance represents 9.3% of total general fund expenditures. Approximately \$7.2 million of this total amount is available for appropriation at the Town's discretion.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was implemented this year. This standard added Note disclosures for the Town's OPEB trust fund. It's sister standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets and liabilities and related deferred financial statement elements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Marshfield's basic financial statements. The Town's 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.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector businesses.

The statement of net position presents information on all of the Town's 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 of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 or the 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, health and human services, culture and recreation, community preservation, and interest. The business-type activities include the activities of the sewer, water, and solid waste enterprise funds.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 and outflows 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 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 is reporting three major governmental funds that are presented separately in the governmental fund financial statements. The remaining nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund 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 as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and solid waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer, water, and solid waste activities, all of which are considered major funds of the Town.

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 statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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. Assets and deferred outflows exceeded liabilities and deferred inflows by \$153.2 million at the close of 2017.

Government-wide net position of \$196.7 million reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, 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 capital assets is reported net of 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, \$7.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$50.8 million deficit relating to the cumulative effect of recording \$37.9 million of other postemployment benefit liabilities and \$51.2 million of pension liabilities through June 30, 2017.

Details related to the Town's governmental and business-type activities follow.

Governmental activities. The governmental activities net position decreased by approximately \$4.2 million during the current year as compared to an increase in net position of \$2.3 million during the prior year. The change between years is mainly related to one-time capital grants received in the prior year for seawalls and other public works projects and for additional expenses recorded in the current year relating to pensions.

	2017	2016
Assets:		
Current assets.....	\$ 36,423,971	\$ 34,425,349
Noncurrent assets (excluding capital).....	3,428,784	4,413,077
Capital assets, not being depreciated.....	33,866,892	29,425,102
Capital assets, net of accumulated depreciation.....	<u>(33,866,892)</u>	<u>195,647,458</u>
Total assets.....	<u>39,852,755</u>	<u>263,910,986</u>
Total Deferred Outflows of Resources.....	<u>5,793,560</u>	<u>4,953,529</u>
Liabilities:		
Current liabilities (excluding debt).....	6,710,753	6,296,866
Noncurrent liabilities (excluding debt).....	81,815,922	77,575,161
Current debt.....	14,194,383	13,652,093
Noncurrent debt.....	<u>71,131,178</u>	<u>71,797,166</u>
Total liabilities.....	<u>173,852,236</u>	<u>169,321,286</u>
Total Deferred Inflows of Resources.....	<u>1,313,064</u>	<u>119,058</u>
Net Position:		
Net investment in capital assets.....	144,078,423	149,244,882
Restricted.....	7,239,201	8,004,644
Unrestricted.....	<u>(56,088,916)</u>	<u>(57,825,355)</u>
Total net position.....	<u>\$ 95,228,708</u>	<u>\$ 99,424,171</u>

Noncurrent liabilities, excluding debt, include accrued liabilities for other postemployment benefits in the amount of \$36 million and for pension liabilities of \$42.9 million at June 30, 2017.

	2017	2016
Program revenues:		
Charges for services..... \$	5,598,461	\$ 5,194,527
Operating grants and contributions.....	30,333,387	28,216,908
Capital grants and contributions.....	1,920,726	6,781,879
General revenues:		
Real estate, personal property taxes, and tax liens.....	63,310,059	60,645,177
Motor vehicle and other excise taxes.....	4,397,836	4,634,720
Community preservation taxes.....	1,351,613	1,321,967
Penalties and interest on taxes.....	103,592	287,375
Nonrestricted grants and contributions.....	2,511,326	2,528,692
Unrestricted investment income.....	230,714	90,134
Miscellaneous.....	223,773	51,348
Total revenues.....	109,981,487	109,752,727
Expenses:		
General government.....	5,039,837	5,454,536
Public safety.....	20,007,583	17,642,972
Education.....	77,272,810	71,400,698
Public works.....	5,676,705	5,425,790
Health and human services.....	1,451,215	1,359,699
Culture and recreation.....	1,998,183	1,938,060
Community preservation.....	407,658	524,802
Interest.....	2,322,959	2,040,212
Total expenses.....	114,176,950	105,786,769
Excess (Deficiency) before transfers.....	(4,195,463)	3,965,958
Transfers.....	-	(1,685,646)
Change in net position.....	(4,195,463)	2,280,312
Net position - beginning.....	99,424,171	97,143,859
Net position - ending..... \$	\$ 95,228,708	\$ 99,424,171

Financial notes related to governmental activities:

- Charges for services represented 5% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category.
- Operating grants and contributions accounted for 28% of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget.
- Capital grants and contributions accounted for 2% of the governmental activities resources. Most of these resources apply to MSBA reimbursement for the High School construction project, State grants for roadways improvements and community preservation State revenue.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 56% of current resources.

- All other taxes and other revenues comprised a total of 10% of the governmental activities resources. These primarily include excise taxes, community preservation taxes and nonrestricted grants and contributions.
- Education is by far the largest governmental activity of the Town. Approximately \$46.2 million in taxes and other revenue were needed to cover its 2017 operating expenses. A pension contribution of approximately \$10.3 million made by the state on-behalf of Marshfield teachers was recorded as an expense and grant revenue.
- Public Safety and Public Works are the second and third largest activities of the Town. Approximately \$17.1 million and \$4.9 million, respectively, of taxes and other revenue were needed to cover their 2017 operating expenses.

Business-type activities. Business-type activities increased the Town's net position by \$119,000 compared to an increase of approximately \$2.1 million during the previous year.

The Sewer enterprise fund experienced a decrease in net position of approximately \$662,000 while the Water and Solid Waste enterprise funds both experienced increases in net position of \$480,000 and \$301,000, respectively. Charges for services decreased 2% when compared to the prior year while expenses for labor, operations, and depreciation increased just over 1%.

As shown below, business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$57.9 million at the close of 2017. The net investment in capital assets is \$52.7 million (91%) while unrestricted net position is \$5.2 million (9%). These results continue to reflect management's goal of maintaining the systems while only charging users for the actual cost of operations.

	2017	2016
Assets:		
Current assets.....	\$ 18,017,469	\$ 14,684,731
Noncurrent assets (excluding capital).....	1,598,173	1,931,614
Capital assets, not being depreciated.....	7,546,626	7,452,270
Capital assets, net of accumulated depreciation.....	(7,546,626)	61,175,915
Total assets.....	19,615,642	85,244,530
Total Deferred Outflows of Resources.....	1,115,029	953,357
Liabilities:		
Current liabilities (excluding debt).....	790,062	873,637
Noncurrent liabilities (excluding debt).....	10,448,269	10,138,358
Current debt.....	3,728,405	1,714,245
Noncurrent debt.....	15,160,972	15,639,377
Total liabilities.....	30,127,708	28,365,617
Total Deferred Inflows of Resources.....	252,712	22,913
Net Position:		
Net investment in capital assets.....	52,690,605	52,272,970
Unrestricted.....	5,238,112	5,536,387
Total net position.....	\$ 57,928,717	\$ 57,809,357

	2017	2016
Program revenues:		
Charges for services.....	\$ 10,624,899	\$ 10,867,729
Operating grants and contributions.....	57,352	67,918
Capital grants and contributions.....	221,041	235,507
General revenues:		
Unrestricted investment income.....	269,683	217,847
Total revenues.....	11,172,975	11,389,001
Expenses:		
Sewer.....	3,750,001	4,048,263
Water.....	4,070,665	3,747,914
Solid waste.....	3,232,949	3,161,419
Total expenses.....	11,053,615	10,957,596
Excess (Deficiency) before transfers.....	119,360	431,405
Transfers.....	-	1,685,646
Change in net position.....	119,360	2,117,051
Net position - beginning.....	57,809,357	55,692,306
Net position - ending.....	\$ 57,928,717	\$ 57,809,357

Financial Analysis of the Government's Major Funds

As noted earlier, the Town of Marshfield 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 the Town's financing requirements. In particular, the 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 \$17.5 million, an increase of \$2.9 million from the prior year. The increase mainly relates to timing differences in the general fund where revenues came in higher than expected while expenditures remained level funded. Also, the high school capital project fund had bond proceeds exceeding capital expenditures.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$7.1 million, while the total fund balance was \$9.0 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 7% of total general fund expenditures, while the total fund balance represents 9% of that same amount.

The fund balance of the general fund increased \$2.6 million during 2017. This change is mainly the result of stronger than expected revenue collections in nearly all revenue categories coupled with expenditures that were right in line with budgeted amounts.

The Town also maintains a stabilization fund, which has been classified within the unassigned general fund balance in the governmental funds financial statements to remain compliant with GASB 54. The stabilization fund has a year-end balance of \$2.4 million. These funds can be used for general or capital purposes upon Town Meeting approval.

High School Capital Project Fund

The High School Capital Projects fund is used to account for financial resources to be used for the construction of the new High School. During the year the Town issued \$2.2 million in long-term bonds and \$4.4 million in BANs to fund the construction project. The Town spent \$1.1 million on construction costs and was reimbursed \$927,000 from the MSBA for high school construction costs. The fund balance increased \$2.1 million due to the timing of grant revenue and bond proceeds exceeding expenditures.

Town Capital Project Fund

This fund is used to account for financial resources used in the acquisition or construction of major capital facilities. During the year the Town issued \$4.4 million in long-term bonds and \$2.1 million in BANs to finance the various capital projects. The fund balance decreased \$1.4 million from the prior year, which was due to the timing of capital expenditures exceeding bond proceeds.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer enterprise fund is used to account for sewage treatment operations. Total revenues amounted to \$3,088,000 as compared to \$3,303,000 in the prior year and total expenses decreased by \$298,000 from the prior year. Net position decreased by \$662,000 compared to a decrease of \$47,000 in the prior year.

The Water enterprise fund is used to account for water distribution operations. Total revenues amounted to \$4,551,000 as compared to \$4,660,000 in the prior year and expenses increased by \$323,000 from the prior year. Net position increased by \$480,000 compared to an increase of \$1.7 million in the prior year.

The Solid Waste fund is used to account for the Town's solid waste disposal operations. Total revenues amounted to \$3,534,000 as compared to \$3,426,000 in the prior year and expenses increased by \$71,500. Net position increased by \$301,000 compared to an increase of \$439,000 in the prior year.

General Fund Budgetary Highlights

The final general fund budget appropriations, including transfers, were approximately \$340,000 higher than the original budget.

Total general fund revenues were higher than budgeted amounts by approximately \$2.7 million. Actual expenditures, including carryovers, were lower than budgeted amounts by approximately \$457,000, or just less than 1%.

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.

Governmental capital assets, net of accumulated depreciation, at year end amounted to approximately \$224.7 million which represented a net decrease of \$325,000 from the prior year. Major current additions included School projects and infrastructure additions. Depreciation expense of \$11.3 million was recorded in year 2017 which increased \$422,000 from the prior year.

Enterprise fund capital assets, net of accumulated depreciation, were valued at \$67.6 million at year end. Current year additions totaled approximately \$1.2 million. Depreciation expense of \$2.3 million was recorded in year 2017.

The Town's total long-term debt decreased by \$1.1 million during the current year due to the net effect of \$7.7 million of proceeds for various governmental and enterprise projects and \$8.8 million of scheduled principal payments.

Outstanding long-term debt of the general government, as of June 30, 2017, totaled \$74.3 million, of which, \$49.6 million is related to school projects, \$1.4 million is related to the general government's 40% share of sewer debt, \$6.3 million is related to sea wall and harbor projects, \$3.0 million is related to qualified energy conservation bonds, \$2.3 is related to library construction, leaving a balance of \$11.7 million for infrastructure and other Town projects.

The enterprise funds have \$16.5 million in sewer, water, and solid waste debt that is fully supported by the rates and do not rely on a general fund subsidy beyond the Town's bylaw that splits the debt service requirements of certain sewer projects on a ratio of 60% from the sewer fund and 40% from the general fund.

Please refer to footnotes 4, 6, and 7 for further discussion of the major capital asset and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Marshfield'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 Board of Selectmen, Town Hall, 870 Moraine Street, Marshfield, Massachusetts 02050-3498.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2017

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 21,876,308	\$ 13,799,357	\$ 35,675,665
Investments.....	3,642,438	-	3,642,438
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	2,173,427	-	2,173,427
Tax liens.....	1,767,037	-	1,767,037
Motor vehicle and other excise taxes.....	655,761	-	655,761
User charges.....	-	3,911,775	3,911,775
Departmental and other.....	1,322,957	-	1,322,957
Special assessments.....	-	222,589	222,589
Intergovernmental.....	4,409,250	83,748	4,492,998
Tax foreclosures.....	576,793	-	576,793
Total Current Assets.....	36,423,971	18,017,469	54,441,440
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	1,193,322	1,193,322
Intergovernmental.....	3,428,784	404,851	3,833,635
Capital assets, nondepreciable.....	33,866,892	7,546,626	41,413,518
Capital assets, net of accumulated depreciation.....	190,880,801	60,031,840	250,912,641
Total Noncurrent Assets.....	228,176,477	69,176,639	297,353,116
TOTAL ASSETS.....	264,600,448	87,194,108	351,794,556
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	5,793,560	1,115,029	6,908,589
LIABILITIES			
CURRENT:			
Warrants payable.....	2,539,606	429,308	2,968,914
Accrued payroll.....	2,084,673	33,798	2,118,471
Accrued interest.....	479,474	172,456	651,930
Landfill closure.....	-	28,500	28,500
Compensated absences.....	1,607,000	126,000	1,733,000
Notes payable.....	6,924,383	2,160,500	9,084,883
Bonds payable.....	7,270,000	1,567,905	8,837,905
Total Current Liabilities.....	20,905,136	4,518,467	25,423,603
NONCURRENT:			
Landfill closure.....	-	327,750	327,750
Compensated absences.....	2,862,000	-	2,862,000
Other postemployment benefits.....	36,022,137	1,857,863	37,880,000
Bonds payable.....	71,131,178	15,160,972	86,292,150
Net pension liability.....	42,931,785	8,262,656	51,194,441
Total Noncurrent Liabilities.....	152,947,100	25,609,241	178,556,341
TOTAL LIABILITIES.....	173,852,236	30,127,708	203,979,944
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions.....	1,313,064	252,712	1,565,776
NET POSITION			
Net investment in capital assets.....	144,078,423	52,690,605	196,769,028
Restricted for:			
Permanent funds:			
Expendable.....	1,481,144	-	1,481,144
Nonexpendable.....	1,270,028	-	1,270,028
Grants and gifts.....	1,945,728	-	1,945,728
Community preservation.....	2,542,301	-	2,542,301
Unrestricted.....	(56,088,916)	5,238,112	(50,850,804)
TOTAL NET POSITION.....	\$ 95,228,708	\$ 57,928,717	\$ 153,157,425

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 5,039,837	\$ 577,170	\$ 1,282,343	\$ 170,953	\$ (3,009,371)
Public safety.....	20,007,583	1,979,101	938,136	-	(17,090,346)
Education.....	77,272,810	2,444,417	27,703,062	926,741	(46,198,590)
Public works.....	5,676,705	155,042	17,250	560,393	(4,944,020)
Health and human services.....	1,451,215	86,814	71,857	-	(1,292,544)
Culture and recreation.....	1,998,183	355,917	27,843	-	(1,614,423)
Community preservation.....	407,658	-	-	262,639	(145,019)
Interest.....	2,322,959	-	292,896	-	(2,030,063)
Total Governmental Activities.....	114,176,950	5,598,461	30,333,387	1,920,726	(76,324,376)
<i>Business-Type Activities:</i>					
Sewer.....	3,750,001	2,768,763	57,352	221,041	(702,845)
Water.....	4,070,665	4,359,266	-	-	288,601
Solid waste.....	3,232,949	3,496,870	-	-	263,921
Total Business-Type Activities.....	11,053,615	10,624,899	57,352	221,041	(150,323)
Total Primary Government.....	\$ 125,230,565	\$ 16,223,360	\$ 30,390,739	\$ 2,141,767	\$ (76,474,699)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (76,324,376)	\$ (150,323)	\$ (76,474,699)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	61,458,711	-	61,458,711
Tax liens.....	1,851,348	-	1,851,348
Motor vehicle and other excise taxes.....	4,397,836	-	4,397,836
Community preservation tax.....	1,351,613	-	1,351,613
Penalties and interest on taxes.....	103,592	-	103,592
Grants and contributions not restricted to specific programs.....	2,511,326	-	2,511,326
Unrestricted investment income.....	230,714	269,683	500,397
Miscellaneous.....	223,773	-	223,773
Total general revenues and transfers.....	72,128,913	269,683	72,398,596
Change in net position.....	(4,195,463)	119,360	(4,076,103)
<i>Net position:</i>			
Beginning of year.....	99,424,171	57,809,357	157,233,528
End of year.....	\$ <u>95,228,708</u>	\$ <u>57,928,717</u>	\$ <u>153,157,425</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

	General	High School Capital Project	Town Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents.....	\$ 8,619,053	\$ 2,993,362	\$ 1,568,841	\$ 8,695,052	\$ 21,876,308
Investments.....	2,324,256	-	-	1,318,182	3,642,438
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals.....	2,173,427	-	-	-	2,173,427
Tax liens.....	1,767,037	-	-	-	1,767,037
Motor vehicle and other excise taxes.....	655,761	-	-	-	655,761
Departmental and other.....	1,290,202	-	-	32,755	1,322,957
Intergovernmental.....	4,413,077	2,063,197	-	1,361,760	7,838,034
Tax foreclosures.....	576,793	-	-	-	576,793
Due from other funds.....	-	-	-	408,542	408,542
TOTAL ASSETS.....	\$ 21,819,606	\$ 5,056,559	\$ 1,568,841	\$ 11,816,291	\$ 40,261,297
LIABILITIES:					
Warrants payable.....	\$ 378,186	\$ 13,633	\$ 1,270,229	\$ 877,558	\$ 2,539,606
Accrued payroll.....	2,000,388	-	-	84,285	2,084,673
Due to other funds.....	-	-	-	408,542	408,542
Notes payable.....	-	4,699,180	2,225,203	-	6,924,383
TOTAL LIABILITIES.....	2,378,574	4,712,813	3,495,432	1,370,385	11,957,204
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues.....	10,418,138	-	-	365,581	10,783,719
FUND BALANCES:					
Nonspendable.....	-	-	-	1,270,028	1,270,028
Restricted.....	1,711,494	343,746	-	8,810,297	10,865,537
Assigned.....	116,283	-	-	-	116,283
Unassigned.....	7,195,117	-	(1,926,591)	-	5,268,526
TOTAL FUND BALANCES.....	9,022,894	343,746	(1,926,591)	10,080,325	17,520,374
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 21,819,606	\$ 5,056,559	\$ 1,568,841	\$ 11,816,291	\$ 40,261,297

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....	\$ 17,520,374
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	224,747,693
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	10,783,719
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....	4,480,496
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(479,474)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(78,401,178)
Net pension liability.....	(42,931,785)
Other postemployment benefits.....	(36,022,137)
Compensated absences.....	(4,469,000)
Net effect of reporting long-term liabilities.....	(161,824,100)
Net position of governmental activities.....	\$ <u>95,228,708</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	High School Capital Project	Town Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 63,337,613	\$ -	\$ -	\$ -	\$ 63,337,613
Tax liens.....	750,357	-	-	-	750,357
Motor vehicle and other excise taxes.....	4,664,896	-	-	-	4,664,896
Penalties and interest on taxes.....	91,661	-	-	11,931	103,592
Charges for services.....	1,016,278	-	-	46,152	1,062,430
Intergovernmental.....	28,532,756	926,741	-	6,222,823	35,682,320
Departmental and other.....	1,200,683	-	-	3,983,347	5,184,030
Community preservation taxes.....	-	-	-	1,360,375	1,360,375
Contributions.....	-	-	-	386,376	386,376
Investment income.....	185,579	-	56	45,079	230,714
TOTAL REVENUES.....	99,779,823	926,741	56	12,056,083	112,762,703
EXPENDITURES:					
Current:					
General government.....	3,561,671	-	2,127,374	892,576	6,581,621
Public safety.....	10,819,632	-	1,026,829	676,502	12,522,963
Education.....	56,225,141	1,078,310	149,058	5,257,758	62,710,267
Public works.....	1,651,567	-	2,523,613	1,708,813	5,883,993
Health and human services.....	883,708	-	-	200,548	1,084,256
Culture and recreation.....	772,812	-	4,798	458,670	1,236,280
Pension benefits.....	5,348,869	-	-	-	5,348,869
Property and liability insurance.....	891,168	-	-	-	891,168
Employee benefits.....	7,124,791	-	-	180,177	7,304,968
Community preservation.....	-	-	-	2,710,369	2,710,369
State and county charges.....	687,633	-	-	-	687,633
Debt service:					
Principal.....	6,635,632	-	-	-	6,635,632
Interest.....	2,831,804	-	-	-	2,831,804
TOTAL EXPENDITURES.....	97,434,428	1,078,310	5,831,672	12,085,413	116,429,823
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	2,345,395	(151,569)	(5,831,616)	(29,330)	(3,667,120)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt.....	-	2,219,500	4,388,000	-	6,607,500
Transfers in.....	226,665	-	129,644	-	356,309
Transfers out.....	-	-	(61,758)	(294,551)	(356,309)
TOTAL OTHER FINANCING SOURCES (USES).....	226,665	2,219,500	4,455,886	(294,551)	6,607,500
NET CHANGE IN FUND BALANCES.....	2,572,060	2,067,931	(1,375,730)	(323,881)	2,940,380
FUND BALANCES AT BEGINNING OF YEAR.....	6,450,834	(1,724,185)	(550,861)	10,404,206	14,579,994
FUND BALANCES AT END OF YEAR.....	\$ 9,022,894	\$ 343,746	\$ (1,926,591)	\$ 10,080,325	\$ 17,520,374

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, 2017

Net change in fund balances - total governmental funds.....		\$ 2,940,380
<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.....	11,008,075	
Depreciation expense.....	<u>(11,332,942)</u>	
Net effect of reporting capital assets.....		(324,867)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(2,781,216)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities:</p>		
Issuance of long-term debt.....	(6,607,500)	
Amortization of bond premium.....	578,349	
Debt service principal payments.....	<u>6,635,632</u>	
Net effect of reporting long-term debt.....		606,481
<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.....	(15,000)	
Net change in accrued interest on long-term debt.....	(69,505)	
Net change in other postemployment benefits accrual.....	(3,329,515)	
Net change in pension liability.....	(868,246)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	<u>(353,975)</u>	
Net effect of recording long-term liabilities.....		<u>(4,636,241)</u>
Change in net position of governmental activities.....		<u>\$ (4,195,463)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Solid Waste	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 3,082,088	\$ 7,206,309	\$ 3,510,960	\$ 13,799,357
Receivables, net of allowance for uncollectibles:				
User charges.....	1,313,262	1,383,020	1,215,493	3,911,775
Special assessments.....	222,589	-	-	222,589
Intergovernmental.....	83,748	-	-	83,748
Total current assets.....	4,701,687	8,589,329	4,726,453	18,017,469
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	404,851	-	-	404,851
Special assessments.....	1,193,322	-	-	1,193,322
Capital assets, nondepreciable.....	182,315	7,272,502	91,809	7,546,626
Capital assets, net of accumulated depreciation.....	30,015,084	28,280,596	1,736,160	60,031,840
Total noncurrent assets.....	31,795,572	35,553,098	1,827,969	69,176,639
TOTAL ASSETS.....	36,497,259	44,142,427	6,554,422	87,194,108
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions.....	418,305	453,791	242,933	1,115,029
LIABILITIES				
CURRENT:				
Warrants payable.....	32,875	375,267	21,166	429,308
Accrued payroll.....	10,505	16,930	6,363	33,798
Accrued interest.....	71,613	72,722	28,121	172,456
Landfill closure.....	-	-	28,500	28,500
Compensated absences.....	22,000	63,000	41,000	126,000
Notes payable.....	2,000,000	160,500	-	2,160,500
Bonds payable.....	651,035	790,870	126,000	1,567,905
Total current liabilities.....	2,788,028	1,479,289	251,150	4,518,467
NONCURRENT:				
Landfill closure.....	-	-	327,750	327,750
Other postemployment benefits.....	560,565	925,606	371,692	1,857,863
Bonds payable.....	6,064,892	7,566,080	1,530,000	15,160,972
Net pension liability.....	3,099,748	3,362,714	1,800,194	8,262,656
Total noncurrent liabilities.....	9,725,205	11,854,400	4,029,636	25,609,241
TOTAL LIABILITIES.....	12,513,233	13,333,689	4,280,786	30,127,708
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions.....	94,805	102,848	55,059	252,712
NET POSITION				
Net investment in capital assets.....	22,436,788	28,481,174	1,772,643	52,690,605
Unrestricted.....	1,870,738	2,678,507	688,867	5,238,112
TOTAL NET POSITION.....	\$ 24,307,526	\$ 31,159,681	\$ 2,461,510	\$ 57,928,717

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Solid Waste	Total
OPERATING REVENUES:				
Charges for services.....	\$ 2,768,763	\$ 4,359,266	\$ 3,496,870	\$ 10,624,899
OPERATING EXPENSES:				
Salaries, wages, and fringe benefits.....	1,154,295	1,576,355	691,738	3,422,388
Maintenance and operations.....	1,174,579	1,419,723	2,389,766	4,984,068
Depreciation.....	1,280,687	841,304	148,414	2,270,405
TOTAL OPERATING EXPENSES.....	3,609,561	3,837,382	3,229,918	10,676,861
OPERATING INCOME (LOSS).....	(840,798)	521,884	266,952	(51,962)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	40,602	191,560	37,521	269,683
Interest expense.....	(140,440)	(233,283)	(3,031)	(376,754)
Intergovernmental.....	57,352	-	-	57,352
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(42,486)	(41,723)	34,490	(49,719)
INCOME (LOSS) BEFORE CONTRIBUTIONS.....	(883,284)	480,161	301,442	(101,681)
CAPITAL CONTRIBUTIONS.....	221,041	-	-	221,041
CHANGE IN NET POSITION.....	(662,243)	480,161	301,442	119,360
NET POSITION AT BEGINNING OF YEAR.....	24,969,769	30,679,520	2,160,068	57,809,357
NET POSITION AT END OF YEAR.....	\$ 24,307,526	\$ 31,159,681	\$ 2,461,510	\$ 57,928,717

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 3,218,749	\$ 4,955,045	\$ 3,843,125	\$ 12,016,919
Payments to vendors.....	(1,472,914)	(1,079,546)	(2,582,108)	(5,134,568)
Payments to employees.....	(1,014,878)	(1,383,445)	(615,896)	(3,014,219)
NET CASH FROM OPERATING ACTIVITIES.....	730,957	2,492,054	645,121	3,868,132
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	2,000,000	1,200,000	50,000	3,250,000
Capital contributions.....	453,588	-	-	453,588
Acquisition and construction of capital assets.....	(649,673)	(571,013)	-	(1,220,686)
Principal payments on bonds and notes.....	(565,789)	(913,871)	(124,000)	(1,603,660)
Interest expense.....	(90,274)	(244,478)	23,412	(311,340)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	1,147,852	(529,362)	(50,588)	567,902
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	40,602	191,560	37,521	269,683
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,919,411	2,154,252	632,054	4,705,717
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	1,162,677	5,052,057	2,878,906	9,093,640
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 3,082,088	\$ 7,206,309	\$ 3,510,960	\$ 13,799,357
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				
FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (840,798)	\$ 521,884	\$ 266,952	\$ (51,962)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	1,280,687	841,304	148,414	2,270,405
Deferred outflows/(inflows) related to pensions.....	25,557	27,727	14,843	68,127
Changes in assets and liabilities:				
User charges.....	449,986	595,779	346,255	1,392,020
Warrants payable.....	(298,335)	340,177	(163,842)	(122,000)
Accrued payroll.....	2,781	4,918	(68)	7,631
Landfill closure.....	-	-	(28,500)	(28,500)
Net pension liability.....	62,689	68,007	36,407	167,103
Compensated absences.....	-	4,000	(10,000)	(6,000)
Other postemployment benefits.....	48,390	88,258	34,660	171,308
Total adjustments.....	1,571,755	1,970,170	378,169	3,920,094
NET CASH FROM OPERATING ACTIVITIES.....	\$ 730,957	\$ 2,492,054	\$ 645,121	\$ 3,868,132
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Intergovernmental principal and interest subsidies.....	\$ 139,205	\$ -	\$ -	\$ 139,205

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents.....	\$ 19,530	\$ 250,181	\$ 1,321,000
Equity mutual funds.....	92,405	-	-
Fixed income mutual funds.....	73,502	-	-
TOTAL ASSETS	185,437	250,181	1,321,000
LIABILITIES			
Liabilities due depositors.....	-	-	1,321,000
NET POSITION			
Restricted for other postemployment benefits.....	185,437	-	-
Held in trust for other purposes.....	-	250,181	-
TOTAL NET POSITION	\$ 185,437	\$ 250,181	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contribution to the trust.....	\$ 180,177	\$ -
Employer contribution to pay for OPEB Benefits.....	2,651,388	-
Private donations.....	-	13,038
Total contributions.....	2,831,565	13,038
Net investment income:		
Net change in fair value of investments.....	5,260	-
Interest.....	-	5,172
Total investment income.....	5,260	5,172
TOTAL ADDITIONS.....	2,836,825	18,210
DEDUCTIONS:		
OPEB benefits.....	2,651,388	-
Educational scholarships.....	-	4,674
TOTAL DEDUCTIONS.....	2,651,388	4,674
CHANGE IN NET POSITION.....	185,437	13,536
NET POSITION AT BEGINNING OF YEAR.....	-	236,645
NET POSITION AT END OF YEAR.....	\$ 185,437	\$ 250,181

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Marshfield, Massachusetts, was incorporated in 1640, and has a Town Meeting form of government with administrative authority vested in a three-member Board of Selectmen and an appointed Town Administrator. The Town's major operations include police and fire protection, parks, library, recreation, public works, education, and general administrative services. In addition, the Town owns and operates a water system, sewer system and a solid waste transfer station.

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. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

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 and its component units.

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. Nonmajor 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 element (assets, liabilities, 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 element 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 sewer, water and solid waste 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., when 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, claims and judgments which are recognized when the amounts have matured or are due and payable.

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 *High School Capital Project fund* is used to account for financial resources to expand and upgrade the High School.

The *Town Capital Project fund* is used to account for financial resources for the acquisition and/or construction of non-school facilities and other capital assets of the governmental funds.

The nonmajor governmental funds consist of special revenue 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 *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 nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *Sewer enterprise fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Water enterprise fund* is used to account for water distribution operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Solid Waste enterprise fund* is used to account for the Town's solid waste disposal operations of the public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 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 restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town mainly uses this fund to account for educational scholarships. An insignificant portion of the fund is used to account for the Town's cemetery trusts.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency funds consist of off-duty work details, performance bonds, and fees collected on behalf of other governments. Agency funds apply the accrual basis of accounting for purposes of asset and liability recognition, but do not have a 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 the average bid-and-ask 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, 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 Assessor's for 100% of the estimated fair market value. Real estate and personal property taxes are billed on a quarterly basis. The first two quarters (August 1st and November 1st) are preliminary tax bills based upon the previous year's total annual tax. The second two quarters (February 1st and May 1st) are actual tax, reflecting the current year assessment and the current tax rate. Taxes due and unpaid are subject to penalties and interest if they are not paid by the respective due date. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Real estate and personal property taxes levied are recorded as receivables in the year of the levy and are recorded under the modified accrual basis of accounting.

Real estate tax liens are processed after the tax bills are sent 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 uncollectible accounts is not reported.

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

User Charges

User fees are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water, Sewer, and Solid Waste liens are processed in December of every year and included as a lien on the property owner's tax bill. Water, Sewer and Solid Waste 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 uncollectible accounts.

Departmental and Other

Departmental and other receivables consist primarily of ambulance charges and veterans benefits and are recorded as receivables in the year accrued. The allowance of uncollectible accounts is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments consist of sewer construction and particular apportioned street and water line betterments. These receivables are considered to be 100% collectible and therefore do not report an allowance for uncollectible accounts.

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 uncollectible accounts.

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

Inventories 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.

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

Capital assets, which include land, land improvements, buildings, machinery and equipment, vehicles 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 and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction-in-progress) are depreciated on a straight-line basis over the estimated useful life of the assets. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	20-40
Improvements other than buildings.....	20-30
Machinery and equipment.....	3-20
Vehicles.....	5-7
Books, software and other.....	5
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. 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 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.

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

In addition to assets, the statement of net 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 then. The Town has reported deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of net 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 in this category.

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represent 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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to government-wide (full accrual) financial statements.

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

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 restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

“Permanent funds – nonexpendable” represent the endowment portion of donor restricted trusts.

“Gifts and Grants” represents restrictions placed on assets from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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. Town Meeting is the highest level of decision making authority that can, by adoption of Town Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a 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’s by-laws authorize the Town Accountant to assign fund balance. 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. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

N. Pensions

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

O. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Investment income from Enterprise Funds is retained in their respective funds.

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.

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, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement.

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

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

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Marshfield's deposits may not be returned to it. The Town's policy limits its exposure to custodial credit risk through diversification and prudent selection of investment instruments, choice of depository, and collateralization of balances where practical.

At year-end, the carrying amount of deposits totaled \$37,186,413 and the bank balance totaled \$40,109,623. Of the bank balance, \$2,341,963 was covered by Federal Depository Insurance, \$893,199 was covered by Share Insurance Fund (SIF), \$27,331,653 was covered by Deposit Insurance Fund (DIF), and \$9,542,808 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2017, the Town had the following investments and maturities:

Investment Type		Maturity		
		Under 1 Year	1 - 5 Years	6-10 Years
<u>Debt Securities</u>				
U.S. Government & Agencies.....	\$ 1,658,686	\$ 151,910	\$ 1,223,492	\$ 283,284
Corporate Bonds.....	381,486	-	281,959	99,527
Total Debt Securities.....	2,040,172	\$ 151,910	\$ 1,505,451	\$ 382,811
<u>Other Investments</u>				
Equity Securities.....	1,602,266			
Equity Mutual Funds.....	92,405			
Fixed Income Mutual Funds.....	73,502			
MMDT.....	79,963			
Total Investments.....	\$ 3,888,308			

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 2 months. The Town's investment in MMDT is unrated. All of the investments, except for the equity securities, are considered cash and cash equivalents.

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 the possession of an outside party. The Town has custodial credit risk exposure equal to \$2,040,172 in debt securities and \$1,768,173 in equity securities, equity mutual funds, and fixed income mutual funds because the related securities are uninsured, unregistered and held by the counterparty.

The Town does not have an investment policy for custodial credit risk.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect the fair value of the Town's investments. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town restricts investments to only the following: obligations of the U.S. Government and foreign governments and their agencies or instrumentalities, banks (including certificates of deposit, time deposits, and bankers' acceptances located in the U.S.), short-term debt obligations, and overnight and term repurchase agreements and reverse purchase agreements secured by any of the obligations previously listed. The Treasurer may invest in MMDT.

The Town's investments at June 30, 2017, are rated as follows:

	Fair Value	Quality Ratings			
		AA+	A	A-	BBB+
<u>Debt Securities</u>					
U.S. Government & Agencies.....	\$ 1,658,686	\$ 1,658,686	\$ -	\$ -	\$ -
Corporate Bonds.....	381,486	-	25,591	150,840	205,055
Total Debt Securities.....	\$ 2,040,172	\$ 1,658,686	\$ 25,591	\$ 150,840	\$ 205,055

Concentration of Credit Risk

The Town restricts holdings to no more than 10% of the net investment in securities of any one issuer, except investments in securities of the U.S. Government, its agencies or instrumentalities, or in repurchase agreements collateralized fully by such obligations. No more than 25% may be invested in any one industry except there is no limitation on the percentage that may be invested in the financial services industry. With the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or agencies, and MMDT, no more than 10% of the Town's investments shall be invested in a single financial institution.

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair values of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2017:

Investment Type	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt Securities</u>				
U.S. Government Treasuries.....	\$ 1,658,686	\$ 1,658,686	\$ -	\$ -
Corporate bonds.....	381,486	-	381,486	-
Total debt securities.....	2,040,172	1,658,686	381,486	-
<u>Other Investments</u>				
Equity securities.....	1,602,266	1,602,266	-	-
Equity mutual funds.....	92,405	92,405	-	-
Fixed income mutual funds.....	73,502	73,502	-	-
Total Other Investments.....	1,768,173	1,768,173	-	-
Total investments measured at fair value.....	3,808,345	\$ 3,426,859	\$ 381,486	\$ -
Investments measured at amortized cost:				
MMDT.....	79,963			
Total investments.....	\$ 3,888,308			

U.S. government treasuries, equity securities, equity mutual funds, and fixed income mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relations to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and 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 and the amount payable at maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 – RECEIVABLES

At June 30, 2017, receivables for the individual major and nonmajor governmental 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, personal property and tax deferrals.....	\$ 2,173,427	\$ -	\$ 2,173,427
Tax liens.....	1,767,037	-	1,767,037
Motor vehicle and other excise taxes.....	848,939	(193,178)	655,761
Departmental and other.....	1,514,660	(191,703)	1,322,957
Intergovernmental.....	7,838,034	-	7,838,034
Total.....	<u>\$ 14,142,097</u>	<u>\$ (384,881)</u>	<u>\$ 13,757,216</u>

At June 30, 2017, receivables for the sewer, water, and solid waste enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 3,911,775	\$ -	\$ 3,911,775
Special assessments.....	1,415,911	-	1,415,911
Intergovernmental.....	488,599	-	488,599
Total.....	<u>\$ 5,816,285</u>	<u>\$ -</u>	<u>\$ 5,816,285</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 1,682,513	\$ -	\$ 1,682,513
Tax liens.....	1,767,037	-	1,767,037
Motor vehicle and other excise.....	655,761	-	655,761
Departmental and other.....	1,322,957	-	1,322,957
Intergovernmental.....	4,413,077	365,581	4,778,658
Tax foreclosures.....	576,793	-	576,793
Total.....	<u>\$ 10,418,138</u>	<u>\$ 365,581</u>	<u>\$ 10,783,719</u>

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 28,156,280	\$ 40,623	\$ -	\$ 28,196,903
Construction in progress.....	1,268,822	4,993,813	(592,646)	5,669,989
Total capital assets not being depreciated.....	29,425,102	5,034,436	(592,646)	33,866,892
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	2,657,292	1,185,771	-	3,843,063
Buildings and improvements.....	187,807,365	418,386	-	188,225,751
Machinery and equipment.....	15,331,744	1,135,615	-	16,467,359
Vehicles.....	5,921,488	335,827	-	6,257,315
Books, software and other.....	5,589,404	570,870	-	6,160,274
Infrastructure.....	69,253,270	2,919,816	-	72,173,086
Total capital assets being depreciated.....	286,560,563	6,566,285	-	293,126,848
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(370,501)	(6,250)	-	(376,751)
Buildings and improvements.....	(40,729,479)	(8,274,524)	-	(49,004,003)
Machinery and equipment.....	(13,520,061)	(336,126)	-	(13,856,187)
Vehicles.....	(4,427,817)	(377,094)	-	(4,804,911)
Books, software and other.....	(4,043,462)	(182,542)	-	(4,226,004)
Infrastructure.....	(27,821,785)	(2,156,406)	-	(29,978,191)
Total accumulated depreciation.....	(90,913,105)	(11,332,942)	-	(102,246,047)
Total capital assets being depreciated, net.....	195,647,458	(4,766,657)	-	190,880,801
Total governmental activities capital assets, net.....	\$ 225,072,560	\$ 267,779	\$ (592,646)	\$ 224,747,693

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,452,270	\$ -	\$ -	\$ 7,452,270
Construction in progress.....	-	94,356	-	94,356
Total capital assets not being depreciated.....	7,452,270	94,356	-	7,546,626
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	16,143,226	129,494	-	16,272,720
Machinery and equipment.....	6,957,200	194,128	-	7,151,328
Vehicles.....	1,618,744	-	-	1,618,744
Infrastructure.....	90,565,915	802,708	-	91,368,623
Total capital assets being depreciated.....	115,285,085	1,126,330	-	116,411,415
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(9,529,979)	(434,802)	-	(9,964,781)
Machinery and equipment.....	(5,488,000)	(230,345)	-	(5,718,345)
Vehicles.....	(1,303,827)	(96,426)	-	(1,400,253)
Infrastructure.....	(37,787,364)	(1,508,832)	-	(39,296,196)
Total accumulated depreciation.....	(54,109,170)	(2,270,405)	-	(56,379,575)
Total capital assets being depreciated, net.....	61,175,915	(1,144,075)	-	60,031,840
Total business-type activities capital assets, net.....	\$ 68,628,185	\$ (1,049,719)	\$ -	\$ 67,578,466

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

Governmental Activities:

General government.....	\$ 260,051
Public safety.....	758,682
Education.....	7,420,359
Public works.....	2,585,191
Culture and recreation.....	308,659

Total depreciation expense - governmental activities..... \$ 11,332,942

Business-Type Activities:

Sewer.....	\$ 1,280,687
Water.....	841,304
Solid waste.....	148,414

Total depreciation expense - business-type activities..... \$ 2,270,405

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between funds at June 30, 2017, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Town General Revolving Fund	Chapter 90 Fund	\$ <u>408,542</u> (1)

(1) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Town Capital Projects</u>	<u>Total</u>
Town Capital Projects.....	\$ 61,758	\$ -	\$ 61,758 (1)
Nonmajor Governmental Funds.....	<u>164,907</u>	<u>129,644</u>	<u>294,551</u> (2)
Total.....	\$ <u>226,665</u>	\$ <u>129,644</u>	\$ <u>356,309</u>

(1) Represents budgeted transfers from the Town capital project fund to the general fund.

(2) Represents budgeted transfers into the general fund from nonmajor governmental funds and the expendable trust funds, as well as transfers from the nonmajor funds to the Town capital project fund

NOTE 6 – 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 of the Town and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the General Fund and the Enterprise funds, where applicable.

Details related to the Town's short-term debt activity for the year ended June 30, 2017, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
Governmental funds							
BAN	Municipal Purpose.....	2.00%	7/29/2016	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
BAN	Municipal Purpose.....	1.50%	7/28/2017	-	5,000,000	1,109,500	3,890,500
BAN	Municipal Purpose.....	2.00%	7/29/2016	500,000	-	500,000	-
BAN	Municipal Purpose.....	2.00%	7/29/2016	48,600	-	48,600	-
BAN	Municipal Purpose.....	0.90%	7/28/2017	893,000	-	893,000	-
BAN	Municipal Purpose.....	0.90%	7/28/2017	-	776,500	776,200	300
BAN	Municipal Purpose.....	1.25%	7/28/2017	-	4,435,000	2,260,000	2,175,000
BAN	Municipal Purpose.....	1.25%	7/28/2017	-	1,568,907	1,568,800	107
SAN	Municipal Purpose.....	1.25%	7/28/2017	-	355,000	-	355,000
	Total.....			6,441,600	12,135,407	12,156,100	6,420,907
	Unamortized BAN premium.....			-	503,476	-	503,476
	Total governmental funds.....			6,441,600	12,638,883	12,156,100	6,924,383
Business-type funds							
BAN	Water BAN.....	2.00%	7/29/2016	38,400	-	38,400	-
BAN	Water BAN.....	1.25%	7/28/2017	-	1,200,000	1,039,500	160,500
BAN	Solid Waste BAN.....	2.00%	7/29/2016	29,000	-	29,000	-
BAN	Solid Waste BAN.....	0.90%	7/28/2017	50,000	-	50,000	-
BAN	Sewer BAN.....	1.25%	7/28/2017	-	2,000,000	-	2,000,000
	Total business-type funds.....			117,400	3,200,000	1,156,900	2,160,500
	Total Short-Term Debt.....			\$ 6,559,000	\$ 15,838,883	\$ 13,313,000	\$ 9,084,883

On the scheduled due date of July 28, 2017, \$7.7 million of BANS were converted to long-term debt and have been presented as such in these financial statements. The remaining balance was rolled over into new BANS due July 27, 2018 at interest rates ranging from 2% to 3.6%.

NOTE 7 - 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".

The Town's bylaws currently provide for a split between the general fund and the sewer fund for the debt service requirements of certain (issuances prior to FY06) sewer long-term debt. The general fund and the sewer fund are each responsible for their 40% and 60% share of the debt service, respectively.

Details related to the Town's outstanding general obligation indebtedness at June 30, 2017, and the debt service requirements follow.

Bonds Payable Schedule – Governmental Funds

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
MCWT Sewer Bonds 2005.....	2023	\$ 3,380,916	0.00	\$ 1,444,374	\$ -	\$ 208,800	\$ 1,235,574
Municipal Purpose Bonds 2007.....	2017	1,494,000	3.70	55,000	-	55,000	-
Municipal Purpose Bonds 2009.....	2019	4,196,000	2.00 - 3.00	645,000	-	330,000	315,000
Municipal Purpose Refunding Bonds 2010.....	2021	12,351,400	2.50	5,843,570	-	1,184,510	4,659,060
Municipal Purpose Refunding Sewer Bonds 2010.....	2021	943,600	2.50	178,572	-	36,196	142,376
Municipal Purpose Bonds 2011.....	2021	5,353,000	2.00 - 5.00	1,911,666	-	453,889	1,457,777
Municipal Purpose Bonds 2012.....	2019	709,000	2.00-3.03	198,334	-	106,111	92,223
Municipal Purpose Bonds 2012.....	2032	3,892,000	2.43	3,028,204	-	279,067	2,749,137
Qualified Energy Conservation Bonds 2013.....	2023	5,000,000	3.03	3,500,000	-	500,000	3,000,000
Municipal Purpose Bonds 2013.....	2033	28,790,000	2.43	24,081,796	-	1,550,933	22,530,863
MCWT Bonds 2013.....	2018	200,000	0.00	120,000	-	40,000	80,000
Municipal Purpose Bonds 2014.....	2035	27,106,000	3.00 - 5.00	25,495,000	-	1,810,000	23,685,000
Municipal Purpose Bonds 2016.....	2037	5,879,400	2.00 - 5.00	1,973,100	-	81,126	1,891,974
Municipal Purpose Bonds 2016.....	2036	1,973,100	2.00	5,879,400	-	-	5,879,400
Municipal Purpose Bonds 2017.....	2028	6,607,500	4.00 - 5.00	-	6,607,500	-	6,607,500
Total				74,354,016	6,607,500	6,635,632	74,325,884
Unamortized bond premium.....				4,653,643	-	578,349	4,075,294
Total Long-Term Debt.....				\$ 79,007,659	\$ 6,607,500	\$ 7,213,981	\$ 78,401,178

Debt service requirements for principal and interest, not including the subsequent issuances, for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2018.....	\$ 6,732,884	\$ 2,039,844	\$ 8,772,728
2019.....	7,353,573	1,733,546	9,087,119
2020.....	6,675,686	1,516,321	8,192,007
2021.....	6,451,065	1,310,399	7,761,464
2022.....	4,956,131	1,115,736	6,071,867
2023 - 2027....	19,566,139	3,705,183	23,271,322
2028 - 2032....	16,505,601	1,493,850	17,999,451
2033 - 2037....	6,084,804	161,577	6,246,382
Total.....	\$ 74,325,884	\$ 13,076,456	\$ 87,402,340

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$325,733 and interest costs for \$112,473. Thus, net MCWT loan repayments, including interest, are scheduled to be \$1,027,785. The principal subsidies are guaranteed and therefore a \$325,733 intergovernmental receivable and corresponding revenue have been reported in the General Fund. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. Principal and interest subsidies totaled \$54,568 and \$38,235, respectively in 2017.

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and debt interest and borrowing costs. Reimbursement commenced in 2002 and will be made over 20 years at approximately 67% of eligible costs of the Martinson Elementary School and Furnace Brook Middle School projects. During 2017, approximately \$1,113,000 of such assistance was received. Approximately \$4,451,000 will be received in future years. Of this amount, approximately \$364,000 represents reimbursement of long-term interest costs, and approximately \$4,087,000 represents reimbursement of approved construction costs. Accordingly, \$4,087,000 intergovernmental receivable and corresponding unavailable revenue has been recorded in the fund based

financial statements and the change in the receivable has been recognized as revenue in the conversion to the government-wide financial statements.

The Commonwealth has modified the method for funding new projects in the school building assistance program. Under the new program, the assistance is paid to support the State's share of construction costs as they are incurred, therefore eliminating the need for the Town to fund the State's share through long-term debt. The Marshfield High School project is being partially funded by this program at an eligible cost rate of 55.6%. The Town did not receive any reimbursements in 2017 and submitted an additional request of \$2,063,197 for reimbursement of construction costs incurred through June 30, 2017. Accordingly, the Town has recorded an intergovernmental receivable totaling \$2,063,197 as of June 30, 2017.

Bonds Payable Schedule – Sewer Enterprise Fund

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds 2005.....	2015	\$ 420,000	3.32	\$ 267,858	\$ -	\$ 54,294	\$ 213,564
MCWT Bonds 2005.....	2023	5,071,373	2.00	2,166,563	-	313,201	1,853,362
Municipal Purpose Bonds 2011.....	2021	451,000	2.00 - 5.00	145,000	-	35,000	110,000
Municipal Purpose Bonds 2012.....	2017	58,000	2.00	10,000	-	10,000	-
MCWT Bonds 2013.....	2033	5,450,000	2.00	4,774,148	-	235,147	4,539,001
Total Long-Term Debt.....				\$ 7,363,569	\$ -	\$ 647,642	\$ 6,715,927

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

Year	Principal	Interest	Total
2018.....	\$ 651,036	\$ 173,374	\$ 824,410
2019.....	654,592	157,381	811,973
2020.....	671,274	125,536	796,810
2021.....	612,583	106,375	718,958
2022.....	549,113	91,744	640,857
2023 - 2027....	1,690,025	280,743	1,970,768
2028 - 2032....	1,555,607	127,844	1,683,451
2033.....	331,697	6,634	338,331
Total.....	\$ 6,715,927	\$ 1,069,631	\$ 7,785,558

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$488,599 and interest costs for \$168,712. Thus, net MCWT loan repayments, including interest, are scheduled to be \$1,421,677. The principal subsidies are guaranteed and therefore a \$488,599 intergovernmental receivable and corresponding revenue have been reported in Sewer Enterprise Fund. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. Principal and interest subsidies totaled \$81,853 and \$57,352, respectively in 2017.

Bonds Payable Schedule – Water Enterprise Fund

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds 2007.....	2017	\$ 2,131,000	3.70	\$ 210,000	\$ -	\$ 210,000	\$ -
MCWT Bonds 2009.....	2024	2,500,000	2.00	1,421,243	-	165,471	1,255,772
Municipal Purpose Bonds 2011.....	2026	3,492,000	2.00 - 5.00	2,010,000	-	275,000	1,735,000
Municipal Purpose Bonds 2012.....	2033	1,685,000	2.43	1,432,250	-	84,250	1,348,000
Municipal Purpose Bonds 2013.....	2033	1,280,000	2.43	987,750	-	95,750	892,000
Municipal Purpose Bonds 2014.....	2038	616,000	3.00 - 5.00	570,000	-	45,000	525,000
Municipal Purpose Bonds 2016.....	2037	1,380,600	2.00 - 5.00	1,380,600	-	-	1,380,600
Municipal Purpose Bonds 2017.....	2028	1,039,500	4.00 - 5.00	-	1,039,500	-	1,039,500
Total water bonds payable.....				8,011,843	1,039,500	875,471	8,175,872
Unamortized bond premium.....				209,810	-	28,732	181,078
Total Long-Term Debt.....				\$ 8,221,653	\$ 1,039,500	\$ 904,203	\$ 8,356,950

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

Year	Principal	Interest	Total
2018.....	\$ 764,413	\$ 236,699	\$ 1,001,112
2019.....	861,724	190,129	1,051,853
2020.....	795,703	166,425	962,128
2021.....	769,253	142,058	911,311
2022.....	717,874	120,792	838,666
2023 - 2027....	2,636,905	335,383	2,972,288
2028 - 2032....	1,145,000	105,640	1,250,640
2033 - 2037....	485,000	14,689	499,689
Total.....	\$ 8,175,872	\$ 1,311,815	\$ 9,487,687

Bonds Payable Schedule – Solid Waste Enterprise Fund

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Municipal Purpose Bonds 2014.....	2019	\$ 175,000	3.00 - 5.00	\$ 130,000	\$ -	\$ 45,000	\$ 85,000
Municipal Purpose Bonds 2016.....	2037	1,521,000	2.00 - 5.00	1,521,000	-	-	1,521,000
Municipal Purpose Bonds 2017.....	2028	50,000	4.00 - 5.00	-	50,000	-	50,000
Total Long-Term Debt.....				\$ 1,651,000	\$ 50,000	\$ 45,000	\$ 1,656,000

Debt service requirements for principal and interest for Solid Waste Enterprise Fund bonds payable in future years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018.....	\$ 126,000	\$ 56,241	\$ 182,241
2019.....	130,000	28,337	158,337
2020.....	90,000	25,687	115,687
2021.....	90,000	23,687	113,687
2022.....	90,000	21,687	111,687
2023 - 2037....	410,000	78,435	488,435
2028 - 2032....	370,000	35,685	405,685
2033 - 2037....	<u>350,000</u>	<u>12,688</u>	<u>362,688</u>
Total.....	\$ <u>1,656,000</u>	\$ <u>282,447</u>	\$ <u>1,938,447</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Pine Street Water Main Replacement.....	\$ 20,000
High School Feasibility Study.....	1,402,000
Harbormaster Building Construction.....	700,000
New High School.....	47,438,839 (1)
Seawalls & Riprap.....	70,000
Emergency Repairs - Nemo.....	399,764
Land Acquisition.....	50,000
Foster Ave Seawalls.....	2,073,100
Water Main Upgrades.....	<u>120,000</u>
Total.....	\$ <u>52,273,703</u>

(1) The MSBA is providing funding for this portion of the new high school construction project. This remaining balance will be rescinded once the project is complete.

Changes in Long-term Liabilities

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

	Balance June 30, 2016	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Balance June 30, 2017	Due Within One Year
Governmental Activities:							
Long-Term Bonds.....	\$ 74,354,016	\$ 6,607,500	\$ (6,635,632)	\$ -	\$ -	\$ 74,325,884	\$ 6,732,884
Unamortized Bond Premium.....	4,653,643	-	(578,349)	-	-	4,075,294	537,116
Other Postemployment Benefits.....	32,692,622	-	-	4,690,089	(1,360,574)	36,022,137	-
Compensated Absences.....	4,454,000	-	-	1,650,000	(1,635,000)	4,469,000	1,607,000
Net Pension Liability.....	42,063,539	-	-	6,575,036	(5,706,790)	42,931,785	-
Total Governmental Activities.....	158,217,820	6,607,500	(7,213,981)	12,915,125	(8,702,364)	161,824,100	8,877,000
Business-Type Activities:							
Long-Term Bonds.....	17,026,412	1,089,500	(1,568,113)	-	-	16,547,799	1,541,449
Unamortized Bond Premium.....	209,810	-	(28,732)	-	-	181,078	26,456
Other Postemployment Benefits.....	1,686,555	-	-	222,219	(50,911)	1,857,863	-
Compensated Absences.....	132,000	-	-	126,000	(132,000)	126,000	126,000
Landfill Closure.....	384,750	-	-	-	(28,500)	356,250	28,500
Net Pension Liability.....	8,095,553	-	-	1,265,433	(1,098,330)	8,262,656	-
Total Business-Type Activities.....	27,535,080	1,089,500	(1,596,845)	1,613,652	(1,309,741)	27,331,646	1,722,405
Total.....	\$ 185,752,900	\$ 7,697,000	\$ (8,810,826)	\$ 14,528,777	\$ (10,012,105)	\$ 189,155,746	\$ 10,599,405

Compensated absence and other postemployment liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, which consist of the general fund and the sewer, water, and solid waste enterprise funds, respectively.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its year 2011 reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch. 40 §5B allows for the establishment of Stabilization funds for one or more different purposes. 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 appropriation from the fund requires a two-thirds vote of the legislative body. At year end the balance of the General Stabilization Fund is \$2,383,507 and is reported as unassigned fund balance within the General Fund.

GASB 54 provides for 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 they 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, GASB 54 has provided 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 for 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.

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

	Governmental Funds				
	General	High School Capital Projects	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable:					
Permanent fund principal..... \$	- \$	- \$	- \$	1,270,028 \$	1,270,028
Restricted for:					
High School Capital projects.....	-	343,746	-	-	343,746
School state and federal grants.....	-	-	-	597,668	597,668
Town state and federal grants.....	-	-	-	1,277,490	1,277,490
Community preservation fund.....	-	-	-	2,246,908	2,246,908
Airport.....	-	-	-	72,319	72,319
Town general revolving.....	-	-	-	1,428,111	1,428,111
School general revolving.....	-	-	-	719,062	719,062
Other.....	-	-	-	987,595	987,595
Permanent funds.....	-	-	-	1,481,144	1,481,144
Debt exclusion.....	1,711,494	-	-	-	1,711,494
Assigned for carryover encumbrances:					
General government.....	47,175	-	-	-	47,175
Public safety.....	2,535	-	-	-	2,535
Education.....	17,526	-	-	-	17,526
Public works.....	39,047	-	-	-	39,047
Human services.....	10,000	-	-	-	10,000
Unassigned.....	7,195,117	-	(1,926,591)	-	5,268,526
Total Fund Balances..... \$	<u>9,022,894</u>	<u>\$ 343,746</u>	<u>\$ (1,926,591)</u>	<u>\$ 10,080,325</u>	<u>\$ 17,520,374</u>

NOTE 9 – 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 joined the Plymouth County Health Plan effective July 1, 1998. This health plan subsequently changed from a county administered plan to a joint purchase agreement (the "JPA") and became known as the Mayflower Municipal Health Group. The purpose of the JPA is for the joint negotiation and purchase of health coverage with insurance carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the JPA. The JPA charges monthly premiums to each

governmental unit based upon requirements established through underwriting and actuarial estimates. In addition, the JPA provides full reinsurance coverage for all claim costs in excess of \$250,000 per covered employee.

In the event of the dissolution of the JPA or if the assets of the JPA are insufficient to pay claims which occur, the Town remains liable for its proportionate share. At June 30, 2016 (based on the most recent audited information available), the Mayflower Municipal Health Group had an IBNR accrual of \$8.3 million and an ending net position of approximately \$13.5 million which appears sufficient to support its ongoing claim liabilities.

NOTE 10 – PENSION PLAN

Plan Descriptions

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$10,337,263 is reported in the general fund as intergovernmental revenue and pension expense in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$101,339,201 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.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2016 and totaled \$5,347,669, 24.46% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2017, the Town reported a liability of \$51,194,441 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 8.081%, which increased from its proportion measured at December 31, 2015.

Pension Expense

For the year ended June 30, 2017, the Town recognized a pension expense of \$6,805,120. At June 30, 2017, the Town reported net deferred outflows of resources and deferred inflows of resources of \$6,908,589 and \$1,565,776, respectively.

The balances of deferred outflows and inflows at June 30, 2017 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,335,485	\$ -	\$ 1,335,485
Changes in proportionate share of contributions.....	630,931	(106,743)	524,188
Difference between projected and actual earnings.....	4,942,173	-	4,942,173
Change of assumptions.....	-	(1,459,033)	(1,459,033)
Total Deferred Outflows/(Inflows) of Resources.....	\$ <u>6,908,589</u>	\$ <u>(1,565,776)</u>	\$ <u>5,342,813</u>

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

Year ended June 30:

2018.....	\$ 1,894,634
2019.....	1,894,634
2020.....	1,350,608
2021.....	<u>202,937</u>
Total.....	\$ <u>5,342,813</u>

Actuarial Assumptions

The total pension liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

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 two years, 2003 ERI over three years, and the 2013 ERI over 11 years; all as of July 1, 2017.
Asset valuation method.....	Market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Investment rate of return/Discount rate.....	8% nominal rate, net of investment expense.

Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 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	Portfolio Target Weight	Long-Term Expected Real Rate of Return
US 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 funds of funds.....	4.00%	5.30%
Cash.....	1.00%	2.80%
	100.00%	

Rate of return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

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

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

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

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
The Town's proportionate share of the net pension liability.....	\$ 63,994,630	\$ 51,194,441	\$ 40,282,781

Changes in Assumptions

The following changes in assumption 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 3 years for males, and 6 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%.

Changes in Plan Provisions

None.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description –The Town maintains a single employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The Plan provides the benefits by participating in the Mayflower Municipal Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts and Harvard Pilgrim Health Care. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The other postemployment benefit plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 50% of the cost of benefits provided depending on the plan they choose. For the year ended June 30, 2017, the Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For 2017, the Town contributed approximately \$2.7 million to the plan or 4.41% of covered 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.

During 2017, the contributed \$180,177 of amounts previously set aside for future benefits to the Other Postemployment Benefit Trust Fund in excess of the pay-as-you-go required contribution. As of June 30, 2017, the balance of this fund totaled \$185,437.

Rate of Return – The annual money-weighted rate of return on OPEB plan investments was 2.92%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Plan Membership – The following table represent the Plan's membership at June 30, 2017

Current retirees, beneficiaries, and dependents.....	702
Current active members.....	<u>569</u>
Total.....	<u><u>1,271</u></u>

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

Total OPEB Liability.....	\$ 89,022,916
Less: OPEB Plan's fiduciary net position.....	<u>(185,437)</u>
Net OPEB Liability.....	<u><u>\$ 88,837,479</u></u>
The OPEB Plan's fiduciary net position as a percentage of the total OPEB liability.....	0.21%

- (1) The Net OPEB Liability will be fully recorded in the financial statements at June 30, 2018 when GASB Statement No. 75 is required to be implemented.

Significant Actuarial Methods and Assumptions – The Plan's total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date that was updated to June 30, 2017, to be in accordance with GASB Statement No. 74:

Valuation date.....	July 1, 2015
Actuarial cost method.....	Individual Entry Age Normal
Asset valuation method.....	Market Value
Investment rate of return.....	6.31%, net of OPEB plan investment expense, including inflation.
Discount rate.....	3.25% as of June 30, 2017 and 4.00% as of June 30, 2016, not of OPEB plan investment expense, including inflation.
Healthcare cost trend rate.....	5.00%
Inflation.....	2.75% as of June 30, 2017 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2017 and for future periods.
Pre- retirement mortality.....	PR-2000 Mortality Table projected generationally with scale BB and a base year 2009.
Post- retirement mortality.....	PR-2000 Mortality Table projected generationally with scale BB and a base year 2009.

Investment Policy – 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 long-term real rate of return on OPEB investments was determined using the Town's investment policy.

The long-term expected rate of return on OPEB 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 and subtracting expected investment expenses and a risk margin. The Plan's expected future real rate of return of 3.56% is added to the expected inflation of 2.75% to produce the long-term expected nominal rate of return of 6.31%. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap.....	32.00%	4.00%
Domestic equity - small/mid cap.....	6.00%	6.00%
International equity - developed market.....	6.00%	4.50%
International equity - emerging market.....	3.00%	7.00%
Domestic fixed income.....	36.00%	2.00%
International fixed income.....	7.00%	3.00%
Alternatives.....	5.00%	6.50%
Real estate.....	3.00%	6.25%
Cash.....	2.00%	0.00%
Total asset allocation.....	<u>100%</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 3.25% as of June 30, 2017, and 4.00% as of June 30, 2016. The discount rate is a blend of the long-term expected rate of return on OPEB Trust Fund assets and a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P municipal bond 20 – Year High Grade Index. The blending is based on the sufficiency of projected assets to make projected benefit payments.

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 3.25%, as well as what the net other postemployment benefits liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.25%) or 1-percentage-point higher (4.25%) than the current rate.

	<u>1% Decrease (2.25%)</u>	<u>Discount (3.25%)</u>	<u>1% Increase (4.25%)</u>
Net OPEB liability..... \$	106,928,640 \$	88,857,479 \$	76,363,944

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefits liability would be if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability.....	\$ 61,783,794	\$ 88,857,479	\$ 124,215,494

Changes in Assumptions – Effective June 30, 2017:

- Discount rate is 3.25% - previously 4.00%.
- The assumed pre-retirement mortality table is the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009.
- The assumed post-retirement mortality table is the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009.
- The actuarial cost method is Individual Entry Age Normal.

Changes in Plan Provisions – None.

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

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

Annual required contribution.....	\$ 4,911,255
Interest on net OPEB obligation.....	1,203,271
Adjustments to annual required contribution.....	<u>37,685</u>
Annual OPEB cost/expense.....	6,152,211
Contributions made.....	<u>(2,651,388)</u>
Increase/(Decrease) in net OPEB obligation.....	3,500,823
Net OPEB obligation - beginning of year.....	<u>34,379,177</u>
Net OPEB obligation - end of year.....	<u>\$ 37,880,000</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year 2017 and the two preceding years is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 6,152,211	43%	\$ 37,880,000
6/30/2016	5,794,343	46%	34,379,177
6/30/2015	6,188,555	35%	31,136,281

Funded Status and Funding Progress — the funded status of the Plan as of the most recent actuarial valuation date and the two prior valuations is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2015	\$ 156,342	\$ 80,421,318	\$ 80,264,976	0.19%	\$ 55,261,176	145.25%
7/1/2012	-	72,909,973	72,909,973	0.00%	53,243,257	136.94%
6/30/2011	-	82,246,204	82,246,204	0.00%	51,297,584	160.33%

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

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

In the most recent actuarial valuation, the actuarial liabilities were determined using the individual entry age normal actual cost method. The actuarial assumptions included a 3.5% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, salary increases at 3% per year, a general inflation rate of 2.75%, and an annual medical care inflation rate of 6%. The actuarial value of assets is reported at fair market value. The UAAL is being amortized over a 30 year period, using a level dollar amortization method on a closed basis. The remaining amortization period at July 1, 2016, is 22 years.

NOTE 12 – LANDFILL CLOSURE

State and federal laws and regulations require the Town to construct a final capping system on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. The Town closed and capped its landfill in 1995. The Town has reflected a \$356,250 post-closure care liability at June 30, 2017, as an obligation of the solid waste enterprise fund. This amount is based upon estimates of what it would cost to perform all post-closure care. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. Its cost was estimated based on semi-annual sampling for the current monitoring network at the site and estimated costs to maintain the integrity of the landfill cap during the post-closure period.

NOTE 13 – COMMITMENTS

The Town has various commitments related to the construction projects which will be financed through long-term borrowing. These projects include \$2.1 million for Seawall renovations, \$140,000 for construction on the water main construction and upgrades, \$700,000 for the harbor master building construction, and \$1.9 million for various construction projects throughout the Town. In addition, the Furnace Brook Middle School requires roof repairs that are estimated to cost approximately \$8 million. The Town is seeking reimbursement for the project through the Massachusetts School Building Authority's Accelerated Repair Program. This project is scheduled to begin during the summer of 2017.

NOTE 14 – CONTINGENCIES

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

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

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2017, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes,					
net of tax refunds.....	\$ 62,374,736	\$ 62,374,736	\$ 63,304,462	\$ -	\$ 929,726
Tax liens.....	-	-	750,357	-	750,357
Motor vehicle and other excise taxes.....	3,935,600	3,935,600	4,664,896	-	729,296
Charges for services.....	1,000,000	1,000,000	1,016,278	-	16,278
Penalties and interest on taxes.....	275,000	275,000	91,661	-	(183,339)
Payments in lieu of taxes.....	32,000	-	-	-	-
Intergovernmental.....	17,812,532	17,812,532	18,102,690	-	290,158
Departmental and other.....	1,053,975	1,053,975	1,200,683	-	146,708
Investment income.....	40,000	40,000	129,998	-	89,998
TOTAL REVENUES.....	86,523,843	86,491,843	89,261,025	-	2,769,182
EXPENDITURES:					
Current:					
GENERAL GOVERNMENT					
Moderator.....	92	92	92	-	-
Selectmen:					
Salaries.....	351,013	300,523	291,984	2,923	5,616
Expenditures.....	178,309	195,402	191,749	-	3,653
Elected officials.....	4,322	4,322	4,322	-	-
TOTAL.....	533,644	500,247	488,055	2,923	9,269
Facilities Manager:					
Salaries.....	165,551	167,756	167,204	-	552
Expenditures.....	398,678	469,984	431,496	17,669	20,819
TOTAL.....	564,229	637,740	598,700	17,669	21,371
Town Accountant:					
Salaries.....	188,759	196,733	196,733	-	-
Expenditures.....	6,400	6,400	5,048	-	1,352
TOTAL.....	195,159	203,133	201,781	-	1,352
Assessors:					
Salaries.....	222,308	227,964	225,551	-	2,413
Expenditures.....	71,800	71,800	70,758	-	1,042
Elected officials.....	3,687	3,687	3,687	-	-
TOTAL.....	297,795	303,451	299,996	-	3,455
Treasurer/Collector:					
Salaries.....	436,741	536,545	536,545	-	-
Expenditures.....	42,775	54,935	54,655	-	280
Tax title.....	78,000	78,000	78,000	-	-
TOTAL.....	557,516	669,480	669,200	-	280
Annual Audit:					
Expenditures.....	100,000	108,230	99,327	-	8,903
Legal:					
Expenditures.....	188,894	240,447	138,561	25,883	76,003
Information Technology:					
Salaries.....	57,517	60,688	59,507	-	1,181
Expenditures.....	183,439	180,695	170,640	700	9,355
TOTAL.....	240,956	241,383	230,147	700	10,536
Town Clerk:					
Salaries.....	117,388	108,484	105,344	-	3,140
Expenditures.....	4,110	14,410	8,187	-	6,223
Elected officials.....	56,692	56,692	56,608	-	84
TOTAL.....	178,190	179,586	170,139	-	9,447
Elections:					
Expenditures.....	74,750	74,750	74,750	-	-
Conservation Commission:					
Salaries.....	113,049	116,539	109,839	-	6,700
Expenditures.....	12,862	25,612	24,717	-	895
TOTAL.....	125,911	142,151	134,556	-	7,595
Planning Board:					
Salaries.....	125,736	132,944	132,944	-	-
Expenditures.....	2,400	2,313	2,313	-	-
Elected officials.....	1,120	1,120	1,120	-	-
TOTAL.....	129,256	136,377	136,377	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Zoning Board of Appeals:					
Salaries.....	29,135	36,898	36,898	-	-
Expenditures.....	1,350	1,662	1,567	-	95
TOTAL.....	30,485	38,560	38,465	-	95
Reserve Fund.....	100,000	-	-	-	-
Total General Government.....	3,316,877	3,475,627	3,280,146	47,175	148,306
PUBLIC SAFETY					
Police:					
Salaries.....	4,891,990	4,891,633	4,882,063	-	9,570
Expenditures.....	314,832	314,832	311,556	1,781	1,495
TOTAL.....	5,206,822	5,206,465	5,193,619	1,781	11,065
Fire:					
Salaries.....	4,771,104	4,763,469	4,732,172	-	31,297
Expenditures.....	296,146	316,546	315,939	404	203
TOTAL.....	5,067,250	5,080,015	5,048,111	404	31,500
Building Inspection:					
Salaries.....	257,142	262,419	262,339	-	80
Expenditures.....	7,384	6,984	6,888	-	96
TOTAL.....	264,526	269,403	269,227	-	176
Sealer of Weights/Measures:					
Expenditures.....	5,000	5,000	5,000	-	-
Animal Control:					
Salaries.....	67,922	69,787	67,433	-	2,354
Expenditures.....	8,385	9,564	9,165	278	121
TOTAL.....	76,307	79,351	76,598	278	2,475
Animal Inspector:					
Salaries.....	2,500	2,500	2,083	72	345
Harbor Master:					
Salaries.....	94,500	94,500	94,500	-	-
Expenditures.....	60,500	60,500	59,021	-	1,479
TOTAL.....	155,000	155,000	153,521	-	1,479
Total Public Safety.....	10,777,405	10,797,734	10,748,159	2,535	47,040
EDUCATION					
Public Schools:					
Salaries and Expenditures.....	45,929,183	45,905,404	45,887,878	17,526	-
PUBLIC WORKS					
Department of Public Works:					
Salaries.....	1,784,612	1,784,962	1,710,051	-	74,911
Expenditures.....	493,345	535,541	484,747	24,845	25,949
Elected officials.....	2,180	2,180	1,824	-	356
TOTAL.....	2,280,137	2,322,683	2,196,622	24,845	101,216
Snow and Ice:					
Expenditures.....	400,000	592,496	592,496	-	-
Automotive Fuel:					
Expenditures.....	446,598	319,598	300,944	14,202	4,452
Total Public Works.....	3,126,735	3,234,777	3,090,062	39,047	105,668
HUMAN SERVICES					
Health:					
Salaries.....	198,044	204,760	197,910	-	6,850
Expenditures.....	28,035	31,435	28,353	-	3,082
Elected officials.....	1,460	1,460	1,460	-	-
TOTAL.....	227,539	237,655	227,723	-	9,932
Council on Aging:					
Salaries.....	204,297	204,297	195,426	-	8,871
Expenditures.....	24,828	24,828	24,330	-	498
TOTAL.....	229,125	229,125	219,756	-	9,369

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Veterans:					
Salaries.....	96,344	100,102	100,102	-	-
Expenditures.....	396,387	334,198	290,919	10,000	33,279
TOTAL.....	492,731	434,300	391,021	10,000	33,279
Total Human Services.....	949,395	901,080	838,500	10,000	52,580
CULTURE AND RECREATION					
Library:					
Salaries.....	543,300	590,632	590,632	-	-
Expenditures.....	151,691	149,063	149,063	-	-
TOTAL.....	694,991	739,695	739,695	-	-
Trustees of Soldiers Memorial:					
Salaries.....	8,000	8,000	8,000	-	-
Expenditures.....	8,000	8,000	8,000	-	-
TOTAL.....	16,000	16,000	16,000	-	-
Historical Commission:					
Expenditures.....	3,780	3,780	3,780	-	-
Clam Flats:					
Salaries.....	1,000	1,000	-	-	1,000
Expenditures.....	1,000	1,000	885	-	115
TOTAL.....	2,000	2,000	885	-	1,115
Total Culture and Recreation.....	716,771	761,475	760,360	-	1,115
Business insurance.....	882,790	895,083	891,168	-	3,915
Unemployment Compensation.....	100,000	101,296	101,296	-	-
Retirement.....	5,451,747	5,348,869	5,348,869	-	-
Employee Benefits.....	6,359,456	6,247,605	6,245,604	-	2,001
Medicare.....	748,951	787,306	777,891	-	9,415
State and County Assessment.....	773,695	773,695	687,633	-	86,062
Utilities.....	366,263	352,506	352,506	-	-
Unclassified:					
Salaries.....	1,000	1,459	1,459	-	-
Expenditures.....	25,000	30,990	30,426	-	564
TOTAL.....	26,000	32,449	31,885	-	564
Debt Service Principal.....	6,454,938	6,704,938	6,704,938	-	-
Debt Service Interest.....	2,669,695	2,669,695	2,669,695	-	-
TOTAL EXPENDITURES.....	88,649,901	88,989,539	88,416,590	116,283	456,666
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,126,058)	(2,497,696)	844,435	(116,283)	3,225,848
OTHER FINANCING SOURCES (USES):					
Transfers in.....	1,718,984	1,718,984	1,718,984	-	-
NET CHANGE IN FUND BALANCE.....	(407,074)	(778,712)	2,563,419	(116,283)	3,225,848
BUDGETARY FUND BALANCE, Beginning of year.....	3,413,431	3,413,431	3,413,431	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 3,006,357	\$ 2,634,719	\$ 5,976,850	\$ (116,283)	\$ 3,225,848

(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 schedules.

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

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers 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 complied, information is presented for those years for which information is available.

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

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	7.909%	7.909%	8.081%
Town's proportionate share of the net pension liability (asset)..... \$	46,100,484	\$ 50,159,092	\$ 51,194,441
Town's covered employee payroll..... \$	20,842,080	\$ 21,623,658	\$ 21,859,954
Net pension liability as a percentage of covered-employee payroll.....	221.19%	231.96%	234.19%
Plan fiduciary net position as a percentage of the total pension liability.....	58.88%	56.80%	58.32%

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

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 4,847,897	\$ 5,134,471	\$ 5,347,669
Contributions in relation to the actuarially determined contribution.....	<u>(4,847,897)</u>	<u>(5,134,471)</u>	<u>(5,347,669)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 20,842,080	\$ 21,623,658	\$ 21,859,954
Contributions as a percentage of covered- employee payroll.....	23.26%	23.74%	24.46%

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

See notes to required supplementary information.

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

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

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2017.....	\$ 101,339,201	\$ 10,337,263	52.73%
2016.....	96,481,795	7,825,532	55.38%
2015.....	74,722,138	5,191,306	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 Benefit Plan Schedules

GASB 74

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on 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 Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

GASB 45

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

The Schedule of Employer Contributions compares, over time, the annual required contributions to the actual contribution made.

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

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

	June 30, 2017
Total OPEB Liability	
Service Cost.....	\$ 2,946,110
Interest.....	2,842,885
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	-
Benefit payments.....	<u>(2,651,388)</u>
Net change in total OPEB liability.....	3,137,607
Total OPEB liability- beginning.....	<u>85,885,309</u>
Total OPEB liability- ending (a).....	<u><u>89,022,916</u></u>
Plan fiduciary net position	
Employer contribution to the trust.....	\$ 180,177
Employer contribution to pay for OPEB benefits.....	2,651,388
Net investment income.....	5,260
Benefit payments.....	<u>(2,651,388)</u>
Net change in plan fiduciary net position.....	185,437
Plan fiduciary net position- beginning.....	<u>-</u>
Plan fiduciary net position- ending (b).....	<u>\$ 185,437</u>
Town's net OPEB liability- ending (a)-(b).....	<u><u>\$ 88,837,479</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.21%
Covered-employee payroll.....	\$ 60,086,698
Town's net OPEB liability as a percentage of covered-employee payroll.....	147.85%

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 TOWN CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

	June 30, 2017
Actuarially determined contribution.....	\$ 7,319,653
Contributions in relation to the actuarially determined contribution.....	<u>(2,651,388)</u>
Contribution deficiency (excess).....	<u>\$ 4,668,265</u>
Covered-employee payroll.....	\$ 60,086,698
Contributions as a percentage of covered- employee payroll.....	4.41%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30,
2017

Annual money-weighted rate of return, net of investment expense.....	2.92%
---	-------

The annual money-weighted rate of return has been calculated by the Pension Reserves Investment Management Board (PRIM).

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 BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2015	\$ 156,342	\$ 80,421,318	\$ 80,264,976	0.19%	\$ 55,261,176	145.25%
7/1/2012	-	72,909,973	72,909,973	0.00%	53,243,257	136.94%
6/30/2011	-	82,246,204	82,246,204	0.00%	51,297,584	160.33%
12/31/2009	-	82,656,569	82,656,569	0.00%	50,324,651	164.25%
6/30/2008	-	62,050,000	62,050,000	0.00%	43,781,000	141.73%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
2017	\$ 4,911,255	\$ 2,651,388	54.0%
2016	4,666,886	2,551,447	54.7%
2015	5,180,593	2,188,496	42.2%
2014	4,869,389	1,959,866	40.2%
2013	5,593,642	2,396,073	42.8%
2012	5,334,440	2,183,210	40.9%
2010	5,752,977	2,160,174	37.5%
2009	6,437,000	1,479,719	23.0%
2008	6,060,000	1,411,481	23.3%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	July 1, 2015
Actuarial cost method.....	Individual Entry Age Normal
Amortization method.....	Payments increasing at 3.75%, level % of payroll
Remaining amortization period.....	23 years at July 1, 2015, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	3.5%, pay-as-you-go scenario (previously 4%)
Inflation rate.....	2.75%
Annual compensation increases.....	3.0%
Medical/drug cost trend rate.....	6.0% decreasing by 1% for 1 year to an ultimate of 5% per year.

Plan Membership:

Current retirees, beneficiaries, and dependents.....	702
Current active members.....	<u>569</u>
Total.....	<u><u>1,271</u></u>

See notes to required supplementary information.

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

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority 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 (salaries and expenses) authorized for an appropriation account. 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 claims and judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original year 2017 approved budget authorized approximately \$88.6 million in appropriations and other amounts to be raised.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

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

Net change in fund balance, budgetary basis.....	\$ 2,563,419
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	55,581
<u>Basis of accounting differences:</u>	
Net change in recording revenue accruals.....	33,151
Net change in expenditure accruals.....	(80,091)
Recognition of revenue for on-behalf payments.....	10,337,263
Recognition of expenditures for on-behalf payments.....	(10,337,263)
Net change in fund balance - GAAP basis.....	\$ <u>2,572,060</u>

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

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

B. Schedule of 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 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 assumption 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 3 years for males, and 6 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 Retiree Health Plan”). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members, including teachers.

The Town primarily finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actual value of assets expressed as a percentage of the actuarial accrued liability) is .19%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Other Postemployment Benefit Plan

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 Plans net pension, 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 payroll.

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.

Schedule of Investment Return

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

The Town

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

Projections of benefits for financial reporting purposes are based on the substantive plan and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

Schedule of Actuarial Methods and Assumptions

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

Changes in Assumptions

Effective June 30, 2017:

- Discount rate is 3.25% - previously 4.00%.
- The assumed pre-retirement mortality table is the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009.
- The assumed post-retirement mortality table is the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009.
- The actuarial cost method is Individual Entry Age Normal.

Changes in Plan Provisions

None.

This page intentionally left blank.

Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The Town's special revenue funds are grouped into the following categories:

School State and Federal Grant Fund – This fund accounts for all federal and state grants used for school related projects and activities.

Town State and Federal Grant Fund – This fund is used to account for all federal and state grants used for Town related projects and activities.

Community Preservation Fund – This fund is used to account for the acquisition, creation, and preservation of open space, outdoor recreation, historical resources, and affordable housing.

Airport Fund – This fund is used to account for improvements, certain maintenance, and capital equipment associated with the Town's Municipal Airport.

Town General Revolving Fund – This fund accounts for various Town operations such as insurance recoveries, recreation activities and workers compensation.

School General Revolving Fund – This fund accounts for school activities, such as operation of the public school lunch program, athletic receipts and tuition costs.

Chapter 90 Fund - This fund accounts for grants received from the State mainly in relation to maintaining the Town's streets and sidewalks.

Postemployment Benefits – This fund is used to account for amounts accumulated for future Town obligations related to postemployment benefits.

Other Funds - These funds account for receipts reserved for appropriation as well as various bequests made by benefactors to the Town for which principal portions of bequests as well as the related earnings can be expended by the Town.

Permanent Funds

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.

Permanent Funds – These funds account for all contributions and bequests for which only earnings may be expended to benefit the government.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2017

	Special Revenue Funds				
	School State & Federal Grants	Town State & Federal Grants	Community Preservation	Airport	Town General Revolving
ASSETS:					
Cash and cash equivalents.....	\$ 635,077	\$ 1,280,353	\$ 2,279,028	\$ 73,935	\$ 1,217,359
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	32,755	-	-
Intergovernmental.....	-	-	262,639	4,583	-
Due from other funds.....	-	-	-	-	408,542
TOTAL ASSETS.....	\$ 635,077	\$ 1,280,353	\$ 2,574,422	\$ 78,518	\$ 1,625,901
LIABILITIES:					
Warrants payable.....	\$ 11,542	\$ 2,324	\$ 32,121	\$ 1,616	\$ 191,828
Accrued payroll.....	25,867	539	-	-	5,962
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	37,409	2,863	32,121	1,616	197,790
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue.....	-	-	295,393	4,583	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	597,668	1,277,490	2,246,908	72,319	1,428,111
TOTAL FUND BALANCES.....	597,668	1,277,490	2,246,908	72,319	1,428,111
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 635,077	\$ 1,280,353	\$ 2,574,422	\$ 78,518	\$ 1,625,901

Special Revenue Funds					
School General Revolving	Chapter 90	Other	Sub-total	Permanent Funds	Total Nonmajor Governmental Funds
\$ 738,570	\$ -	\$ 1,037,740	\$ 7,262,062	\$ 1,432,990	\$ 8,695,052
-	-	-	-	1,318,182	1,318,182
-	-	-	32,755	-	32,755
-	1,094,538	-	1,361,760	-	1,361,760
-	-	-	408,542	-	408,542
<u>\$ 738,570</u>	<u>\$ 1,094,538</u>	<u>\$ 1,037,740</u>	<u>\$ 9,065,119</u>	<u>\$ 2,751,172</u>	<u>\$ 11,816,291</u>
\$ 5,962	\$ 620,391	\$ 11,774	\$ 877,558	\$ -	\$ 877,558
13,546	-	38,371	84,285	-	84,285
-	408,542	-	408,542	-	408,542
<u>19,508</u>	<u>1,028,933</u>	<u>50,145</u>	<u>1,370,385</u>	<u>-</u>	<u>1,370,385</u>
-	65,605	-	365,581	-	365,581
-	-	-	-	1,270,028	1,270,028
<u>719,062</u>	<u>-</u>	<u>987,595</u>	<u>7,329,153</u>	<u>1,481,144</u>	<u>8,810,297</u>
<u>719,062</u>	<u>-</u>	<u>987,595</u>	<u>7,329,153</u>	<u>2,751,172</u>	<u>10,080,325</u>
<u>\$ 738,570</u>	<u>\$ 1,094,538</u>	<u>\$ 1,037,740</u>	<u>\$ 9,065,119</u>	<u>\$ 2,751,172</u>	<u>\$ 11,816,291</u>

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

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	School State & Federal Grants	Town State & Federal Grants	Community Preservation	Airport	Town General Revolving
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ 46,152	\$ -
Penalties and interest on taxes.....	-	-	11,931	-	-
Intergovernmental.....	2,740,724	519,949	302,589	250,474	514,029
Departmental and other.....	-	-	-	-	965,272
Community preservation tax.....	-	-	1,360,375	-	-
Contributions.....	-	-	-	-	-
Investment income.....	-	-	1,392	-	-
TOTAL REVENUES.....	2,740,724	519,949	1,676,287	296,626	1,479,301
EXPENDITURES:					
Current:					
General government.....	-	30,976	-	124,152	727,015
Public safety.....	-	158,403	-	-	487,846
Education.....	2,470,737	-	-	-	-
Public works.....	-	221,943	-	-	-
Health and human services.....	-	51,430	-	-	15,873
Culture and recreation.....	-	21,153	-	-	-
Employee benefits.....	-	-	-	-	-
Community preservation.....	-	-	2,710,369	-	-
TOTAL EXPENDITURES.....	2,470,737	483,905	2,710,369	124,152	1,230,734
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	269,987	36,044	(1,034,082)	172,474	248,567
OTHER FINANCING SOURCES (USES):					
Transfers out.....	-	(81,551)	-	-	-
NET CHANGE IN FUND BALANCES.....	269,987	(45,507)	(1,034,082)	172,474	248,567
FUND BALANCES AT BEGINNING OF YEAR.....	327,681	1,322,997	3,280,990	(100,155)	1,179,544
FUND BALANCES AT END OF YEAR.....	\$ 597,668	\$ 1,277,490	\$ 2,246,908	\$ 72,319	\$ 1,428,111

Special Revenue Funds						
School General Revolving	Chapter 90	Postemployment Benefits	Other	Sub-total	Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 46,152	\$ -	\$ 46,152
-	-	-	-	11,931	-	11,931
298,552	1,477,776	-	118,730	6,222,823	-	6,222,823
2,142,590	-	-	875,485	3,983,347	-	3,983,347
-	-	-	-	1,360,375	-	1,360,375
-	-	-	276,979	276,979	109,397	386,376
-	-	-	-	1,392	43,687	45,079
<u>2,441,142</u>	<u>1,477,776</u>	<u>-</u>	<u>1,271,194</u>	<u>11,902,999</u>	<u>153,084</u>	<u>12,056,083</u>
-	-	-	10,433	892,576	-	892,576
-	-	-	10,067	656,316	20,186	676,502
2,312,265	-	-	474,756	5,257,758	-	5,257,758
-	1,477,776	-	9,094	1,708,813	-	1,708,813
-	-	-	133,245	200,548	-	200,548
-	-	-	437,517	458,670	-	458,670
-	-	180,177	-	180,177	-	180,177
-	-	-	-	2,710,369	-	2,710,369
<u>2,312,265</u>	<u>1,477,776</u>	<u>180,177</u>	<u>1,075,112</u>	<u>12,065,227</u>	<u>20,186</u>	<u>12,085,413</u>
<u>128,877</u>	<u>-</u>	<u>(180,177)</u>	<u>196,082</u>	<u>(162,228)</u>	<u>132,898</u>	<u>(29,330)</u>
-	-	-	(193,000)	(274,551)	(20,000)	(294,551)
128,877	-	(180,177)	3,082	(436,779)	112,898	(323,881)
<u>590,185</u>	<u>-</u>	<u>180,177</u>	<u>984,513</u>	<u>7,765,932</u>	<u>2,638,274</u>	<u>10,404,206</u>
<u>\$ 719,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,595</u>	<u>\$ 7,329,153</u>	<u>\$ 2,751,172</u>	<u>\$ 10,080,325</u>

Agency Fund

The Agency Fund is used to account for assets held in a purely custodial capacity. The Town's agency fund is used to account for payroll withholdings, off-duty work details, performance bonds, and fees collected on behalf of other governments.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Agency Accounts <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2017</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,440,901	\$ 15,994,183	\$ (16,114,084)	\$ 1,321,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Liabilities due depositors.....	\$ 1,440,901	\$ 15,994,183	\$ (16,114,084)	\$ 1,321,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

This page intentionally left blank.

Statistical Section



Pictured above is the Ocean Bluff.

Statistical Section

This part of the Town of Marshfield'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 Town's financial reports for the relevant year.

Net Position By Component

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Governmental activities										
Net investment in capital assets.....	\$ 71,485,319	\$ 80,444,484	\$ 85,564,870	\$ 86,773,388	\$ 88,902,106	\$ 100,821,726	\$ 138,566,327	\$ 143,838,725	\$ 149,244,882	\$ 144,078,423
Restricted.....	10,886,951	9,286,816	6,158,282	4,630,832	6,049,582	6,846,578	7,822,625	7,659,915	8,004,644	7,239,201
Unrestricted.....	<u>5,593,969</u>	<u>(5,684,079)</u>	<u>(8,723,517)</u>	<u>(11,104,441)</u>	<u>(14,043,367)</u>	<u>(13,432,592)</u>	<u>(52,771,969)</u>	<u>(54,354,781)</u>	<u>(57,825,355)</u>	<u>(56,088,916)</u>
Total governmental activities net position.....	\$ <u>87,966,239</u>	\$ <u>84,047,221</u>	\$ <u>82,999,635</u>	\$ <u>80,299,779</u>	\$ <u>80,908,321</u>	\$ <u>94,235,712</u>	\$ <u>93,616,983</u>	\$ <u>97,143,859</u>	\$ <u>99,424,171</u>	\$ <u>95,228,708</u>
Business-type activities										
Net investment in capital assets.....	\$ 49,444,954	\$ 50,245,420	\$ 49,329,223	\$ 48,218,953	\$ 49,201,878	\$ 50,833,175	\$ 52,474,898	\$ 52,115,038	\$ 52,272,970	\$ 52,690,605
Unrestricted.....	<u>18,181,012</u>	<u>16,787,324</u>	<u>16,134,891</u>	<u>16,695,970</u>	<u>14,622,191</u>	<u>12,758,096</u>	<u>3,443,331</u>	<u>3,577,268</u>	<u>5,536,387</u>	<u>5,238,112</u>
Total business-type activities net position.....	\$ <u>67,625,966</u>	\$ <u>67,032,744</u>	\$ <u>65,464,114</u>	\$ <u>64,914,923</u>	\$ <u>63,824,069</u>	\$ <u>63,591,271</u>	\$ <u>55,918,229</u>	\$ <u>55,692,306</u>	\$ <u>57,809,357</u>	\$ <u>57,928,717</u>
Primary government										
Net investment in capital assets.....	\$ 120,930,273	\$ 130,689,904	\$ 134,894,093	\$ 134,992,341	\$ 138,103,984	\$ 151,654,901	\$ 191,041,225	\$ 195,953,763	\$ 201,517,852	\$ 196,769,028
Restricted.....	10,886,951	9,286,816	6,158,282	4,630,832	6,049,582	6,846,578	7,822,625	7,659,915	8,004,644	7,239,201
Unrestricted.....	<u>23,774,981</u>	<u>11,103,245</u>	<u>7,411,374</u>	<u>5,591,529</u>	<u>578,824</u>	<u>(674,496)</u>	<u>(49,328,638)</u>	<u>(50,777,513)</u>	<u>(52,288,968)</u>	<u>(50,850,804)</u>
Total primary government net position.....	\$ <u>155,592,205</u>	\$ <u>151,079,965</u>	\$ <u>148,463,749</u>	\$ <u>145,214,702</u>	\$ <u>144,732,390</u>	\$ <u>157,826,983</u>	\$ <u>149,535,212</u>	\$ <u>152,836,165</u>	\$ <u>157,233,528</u>	\$ <u>153,157,425</u>

Note (1) The 2014 unrestricted net position for governmental and business-type activities has been revised due to the implementation of GASB Statement #68.

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 4,434,575	\$ 3,965,070	\$ 3,334,481	\$ 3,913,502	\$ 3,973,477	\$ 4,920,094	\$ 4,483,129	\$ 5,287,075	\$ 5,454,536	\$ 5,039,837
Public safety.....	12,662,170	13,771,086	13,507,314	14,514,764	14,658,407	15,526,807	16,315,383	17,178,837	17,642,972	20,007,583
Education.....	60,078,051	61,604,106	62,158,553	63,483,086	63,704,682	65,277,828	67,956,118	63,678,563	71,400,698	77,272,810
Public works.....	4,789,661	5,128,289	5,274,797	5,948,666	5,087,136	5,856,808	5,815,971	7,368,229	5,425,790	5,676,705
Health and human services.....	1,099,074	1,232,271	1,163,764	1,221,811	1,237,194	1,210,350	1,341,678	1,413,444	1,359,699	1,451,215
Culture and recreation.....	1,773,229	1,886,359	2,083,873	1,926,877	2,017,701	1,995,595	1,805,484	1,851,271	1,938,060	1,998,183
Community preservation.....	176,948	262,790	300,969	146,273	398,581	623,138	153,016	217,358	524,802	407,658
Interest.....	1,288,074	1,260,103	949,620	787,632	876,894	965,928	1,927,587	2,534,687	2,040,212	2,322,959
Total governmental activities expenses.....	86,301,782	89,110,074	88,773,371	91,942,611	91,954,072	96,376,548	99,798,366	99,529,464	105,786,769	114,176,950
Business-type activities:										
Sewer.....	3,825,132	3,717,598	3,530,589	3,514,018	3,494,294	3,627,666	3,656,216	3,911,778	4,048,263	3,750,001
Water.....	3,323,888	3,645,200	3,512,862	3,508,484	3,460,273	3,639,881	3,798,259	3,859,098	3,747,914	4,070,665
Solid waste.....	3,245,294	3,186,993	2,850,197	2,663,547	2,608,972	2,816,781	2,641,271	2,667,770	3,161,419	3,232,949
Total business-type activities expenses.....	10,394,314	10,549,791	9,893,648	9,686,049	9,563,539	10,084,328	10,095,746	10,438,646	10,957,596	11,053,615
Total primary government expenses.....	\$ 96,696,096	\$ 99,659,865	\$ 98,667,019	\$ 101,628,660	\$ 101,517,611	\$ 106,460,876	\$ 109,894,112	\$ 109,968,110	\$ 116,744,365	\$ 125,230,565
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety charges for services.....	\$ 1,662,618	\$ 1,470,734	\$ 1,833,254	\$ 1,636,627	\$ 1,860,575	\$ 1,937,559	\$ 1,931,218	\$ 1,879,054	\$ 1,897,114	\$ 1,979,101
Education charges for services.....	1,329,265	1,633,614	1,582,987	1,591,792	1,683,818	1,455,140	1,797,061	1,954,966	2,379,114	2,444,417
Public works charges for services.....	55,965	140,343	120,255	140,202	162,441	171,624	192,255	164,938	143,925	155,042
Other charges for services.....	1,137,163	1,057,287	1,113,914	1,189,719	1,158,333	1,263,264	869,318	691,130	774,374	1,019,901
Operating grants and contributions.....	25,709,451	27,079,730	27,768,573	28,180,829	30,468,638	28,854,321	30,197,758	25,899,258	28,216,908	30,333,387
Capital grants and contributions.....	2,603,013	983,632	2,032,817	2,205,026	1,277,419	20,149,784	37,906,270	7,425,898	6,781,879	1,920,726
Total government activities program revenues.....	32,497,475	32,365,340	34,451,800	34,944,195	36,611,224	53,831,692	72,893,880	38,015,244	40,193,314	37,852,574
Business-type activities:										
Charges for services:										
Sewer.....	2,880,162	2,470,233	2,408,283	2,541,836	2,475,768	2,544,816	2,672,368	2,665,121	2,891,655	2,768,763
Water.....	3,187,661	3,376,027	3,065,944	3,702,149	3,337,136	3,579,496	3,833,555	4,286,064	4,550,875	4,359,266
Solid Waste.....	3,738,315	2,904,608	2,526,818	2,513,195	2,448,477	2,617,061	2,769,141	3,030,814	3,425,199	3,496,870
Operating grants and contributions.....	190,072	200,659	136,036	253,462	116,903	109,770	87,823	77,281	67,918	57,352
Capital grants and contributions.....	-	-	39,423	21,461	17,841	61,918	95,876	297,160	235,507	221,041
Total business-type activities program revenues.....	9,996,210	8,951,527	8,176,504	9,032,103	8,396,125	8,913,061	9,458,763	10,356,440	11,171,154	10,903,292
Total primary government program revenues.....	\$ 42,493,685	\$ 41,316,867	\$ 42,628,304	\$ 43,976,298	\$ 45,007,349	\$ 62,744,753	\$ 82,352,643	\$ 48,371,684	\$ 51,364,468	\$ 48,755,866
Net (Expense)/Revenue										
Governmental activities.....	\$ (53,804,307)	\$ (56,744,734)	\$ (54,321,571)	\$ (56,998,416)	\$ (55,342,848)	\$ (42,544,856)	\$ (26,904,486)	\$ (61,514,220)	\$ (65,593,455)	\$ (76,324,376)
Business-type activities.....	(398,104)	(1,598,264)	(1,717,144)	(653,946)	(1,167,414)	(1,171,267)	(636,983)	(82,206)	213,558	(150,323)
Total primary government net expense.....	\$ (54,202,411)	\$ (58,342,998)	\$ (56,038,715)	\$ (57,652,362)	\$ (56,510,262)	\$ (43,716,123)	\$ (27,541,469)	\$ (61,596,426)	\$ (65,379,897)	\$ (76,474,699)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate, personal property taxes and tax liens,										
net of tax refunds payable.....	\$ 42,730,586	\$ 44,204,433	\$ 46,009,189	\$ 47,625,628	\$ 49,273,498	\$ 50,687,398	\$ 55,760,067	\$ 57,062,403	\$ 60,645,177	\$ 63,310,059
Motor vehicle and other excise taxes.....	3,285,913	3,077,468	3,035,945	3,035,952	3,098,572	3,383,172	3,436,419	3,605,718	4,634,720	4,397,836
Community preservation tax.....	970,338	945,317	986,430	1,019,934	1,055,074	1,088,776	1,195,479	1,244,991	1,321,967	1,351,613
Penalties and interest on taxes.....	295,273	336,323	337,685	306,690	347,002	365,170	339,978	420,779	287,375	103,592
Court settlements.....	-	834,229	-	-	-	-	-	-	-	-
Grants and contributions not restricted to										
specific programs.....	3,131,096	2,870,178	2,370,183	2,075,272	1,938,122	2,202,627	2,231,660	2,335,068	2,528,692	2,511,326
Unrestricted investment income.....	820,875	364,352	208,415	115,259	91,398	97,302	97,802	100,625	90,134	230,714
Miscellaneous.....	227,849	215,185	326,138	119,825	147,724	37,112	84,992	73,562	51,348	223,773
Transfers.....	-	(21,769)	-	-	-	125,000	-	197,950	(1,685,646)	-
Total governmental activities.....	51,461,930	52,825,716	53,273,985	54,298,560	55,951,390	57,986,557	63,146,397	65,041,096	67,873,767	72,128,913
Business-type activities:										
Court settlements.....	-	480,000	-	-	-	-	-	-	-	-
Unrestricted investment income.....	577,329	503,273	148,514	104,755	76,560	62,671	58,144	54,233	217,847	269,683
Transfers.....	-	21,769	-	-	-	(125,000)	-	(197,950)	1,685,646	-
Total business-type activities.....	577,329	1,005,042	148,514	104,755	76,560	(62,329)	58,144	(143,717)	1,903,493	269,683
Total primary government.....	\$ 52,039,259	\$ 53,830,758	\$ 53,422,499	\$ 54,403,315	\$ 56,027,950	\$ 57,924,228	\$ 63,204,541	\$ 64,897,379	\$ 69,777,260	\$ 72,398,596
Changes in Net Position										
Governmental activities.....	\$ (2,342,377)	\$ (3,919,018)	\$ (1,047,586)	\$ (2,699,856)	\$ 608,542	\$ 15,441,701	\$ 36,241,911	\$ 3,526,876	\$ 2,280,312	\$ (4,195,463)
Business-type activities.....	179,225	(593,222)	(1,568,630)	(549,191)	(1,090,854)	(1,233,596)	(578,839)	(225,923)	2,117,051	119,360
Total primary government.....	\$ (2,163,152)	\$ (4,512,240)	\$ (2,616,216)	\$ (3,249,047)	\$ (482,312)	\$ 14,208,105	\$ 35,663,072	\$ 3,300,953	\$ 4,397,363	\$ (4,076,103)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved.....	\$ 622,584	\$ 393,885	\$ 663,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	4,658,860	4,385,596	3,688,741	-	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	3,279,293	2,811,178	4,009,469	1,972,217	1,711,494
Assigned.....	-	-	-	307,888	281,950	163,687	182,589	70,324	71,327	116,283
Unassigned.....	-	-	-	4,716,619	5,109,444	4,614,690	4,545,281	5,374,592	4,407,290	7,195,117
Total general fund.....	\$ 5,281,444	\$ 4,779,481	\$ 4,351,985	\$ 5,024,507	\$ 5,391,394	\$ 8,057,670	\$ 7,539,048	\$ 9,454,385	\$ 6,450,834	\$ 9,022,894
All Other Governmental Funds										
Reserved.....	\$ 377,466	\$ 463,731	\$ 497,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	10,139,920	10,004,469	7,856,675	-	-	-	-	-	-	-
Capital projects funds.....	(922,300)	1,285,269	(398,021)	-	-	-	-	-	-	-
Permanent funds.....	888,128	866,241	872,684	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	1,043,270	1,096,182	1,150,207	1,220,989	1,242,967	1,258,385	1,270,028
Restricted.....	-	-	-	6,264,680	10,795,737	10,654,986	11,537,607	7,993,550	9,065,799	9,154,043
Committed.....	-	-	-	30,290	40,587	63,209	84,604	159,776	180,177	-
Unassigned.....	-	-	-	-	(2,854,861)	(1,408,944)	(1,177,999)	(9,331,639)	(2,375,201)	(1,926,591)
Total all other governmental funds...	\$ 10,483,214	\$ 12,619,710	\$ 8,829,061	\$ 7,338,240	\$ 9,077,645	\$ 10,459,458	\$ 11,665,201	\$ 64,654	\$ 8,129,160	\$ 8,497,480

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

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate, personal property taxes and tax liens, net of tax refunds.....	\$ 42,893,443	\$ 43,896,810	\$ 46,231,120	\$ 47,255,875	\$ 49,251,843	\$ 50,519,928	\$ 54,938,928	\$ 57,119,299	\$ 59,326,154	\$ 64,087,970
Motor vehicle and other excise taxes.....	3,273,198	3,136,448	2,996,478	2,963,732	3,134,838	3,241,603	3,465,032	3,696,490	4,183,427	4,664,896
Penalties and interest on taxes.....	295,273	336,323	337,685	306,690	347,002	365,170	339,978	420,779	287,375	103,592
Charges for services.....	823,808	896,372	987,974	1,032,776	1,048,550	1,028,991	1,094,268	1,020,505	1,187,793	1,062,430
Court settlements.....	-	834,229	-	-	-	-	-	-	-	-
Intergovernmental.....	32,768,863	31,388,745	32,374,981	32,526,944	33,827,922	51,339,663	70,836,092	35,657,490	37,175,979	35,682,320
Departmental and other.....	3,441,177	4,031,497	4,014,469	3,450,322	3,691,831	3,590,240	3,559,685	4,733,977	4,780,456	5,184,030
Community preservation taxes.....	943,616	948,528	994,940	1,017,700	1,060,170	1,088,591	1,163,170	1,247,438	1,322,637	1,360,375
Contributions.....	471,577	433,519	474,687	244,974	238,977	382,749	333,939	374,963	499,223	386,376
Investment income.....	820,875	364,352	208,415	115,259	91,398	97,302	97,802	100,625	90,134	230,714
Total Revenue.....	85,731,830	86,266,823	88,620,749	88,914,272	92,692,531	111,654,237	135,828,894	104,371,566	108,853,178	112,762,703
Expenditures:										
General government.....	3,685,500	2,589,184	2,609,472	2,487,410	2,322,835	3,577,490	3,126,640	3,929,987	5,670,487	3,413,533
Public safety.....	8,172,255	9,035,006	8,644,135	9,082,725	8,679,772	9,587,168	9,954,302	10,574,177	10,565,713	12,235,852
Education.....	50,762,547	50,303,198	49,860,090	53,138,359	55,787,658	57,022,941	58,064,519	(1) 54,041,317	53,148,961	61,486,121
Public works.....	1,893,018	2,778,556	4,015,920	5,012,258	3,007,215	2,474,937	2,093,027	3,766,645	2,511,755	1,857,974
Human and human services.....	877,038	657,156	419,019	506,933	383,654	481,056	1,053,258	1,112,263	1,064,789	1,084,256
Culture and recreation.....	1,218,016	1,080,131	766,502	755,207	753,628	888,466	1,160,706	1,216,994	1,290,301	1,236,280
Pension benefits.....	3,059,026	3,193,116	3,298,846	3,768,238	3,736,165	4,285,250	4,458,347	4,754,898	5,135,671	5,348,869
Property and liability insurance.....	916,566	763,597	642,704	565,489	579,991	677,091	658,703	794,616	818,546	891,168
Employee benefits.....	5,088,361	5,256,480	5,542,176	5,973,191	6,386,222	5,611,488	6,304,113	6,242,353	6,337,382	7,304,968
Community preservation.....	176,948	2,319,107	3,271,886	1,011,397	470,208	1,230,198	153,016	217,358	1,999,610	407,658
State and county charges.....	643,063	593,075	605,335	671,652	664,596	735,255	819,016	853,696	746,141	687,633
Capital outlay.....	4,616,185	5,237,093	9,221,535	7,410,609	9,518,420	52,009,404	66,160,999	21,450,937	11,075,339	11,008,075
Debt service:										
Principal.....	3,856,058	3,756,463	4,083,194	3,935,896	3,900,384	3,979,614	5,738,789	5,508,444	6,900,734	6,635,632
Interest.....	1,363,126	1,244,359	969,564	766,207	896,491	837,153	2,502,338	2,589,674	2,930,395	2,831,804
Total Expenditures.....	86,327,707	88,806,521	93,950,378	95,085,571	97,087,239	143,397,511	162,247,773	117,053,359	110,195,824	116,429,823
Excess of revenues over (under) expenditures.....	(595,877)	(2,539,698)	(5,329,629)	(6,171,299)	(4,394,708)	(31,743,274)	(26,418,879)	(12,681,793)	(1,342,646)	(3,667,120)
Other Financing Sources (Uses):										
Issuance of long-term debt.....	-	4,196,000	965,000	5,353,000	6,501,000	32,090,000	27,106,000	274,000	7,852,500	6,607,500
Premium from issuance of bonds.....	-	-	-	-	-	3,576,363	-	2,524,633	236,747	-
Issuance of refunding bonds.....	-	-	12,728,840	-	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	1,268,616	-	-	-	-	-	-	-
Payment to refunded bond escrow agent.....	-	-	(13,850,972)	-	-	-	-	-	-	-
Transfers in.....	1,348,253	1,046,203	1,704,316	465,650	1,138,594	2,108,257	1,150,268	498,357	3,405,931	356,309
Transfers out.....	(1,348,253)	(1,067,972)	(1,704,316)	(465,650)	(1,138,594)	(1,983,257)	(1,150,268)	(300,407)	(5,091,577)	(356,309)
Total other financing sources (uses).....	-	4,174,231	1,111,484	5,353,000	6,501,000	35,791,363	27,106,000	2,996,583	6,403,601	6,607,500
Net change in fund balance.....	\$ (595,877)	\$ 1,634,533	\$ (4,218,145)	\$ (818,299)	\$ 2,106,292	\$ 4,048,089	\$ 687,121	\$ (9,685,210)	\$ 5,060,955	\$ 2,940,380
Debt service as a percentage of noncapital expenditures.....	6.39%	5.98%	5.96%	5.36%	5.48%	5.27%	8.58%	8.47%	9.92%	8.98%

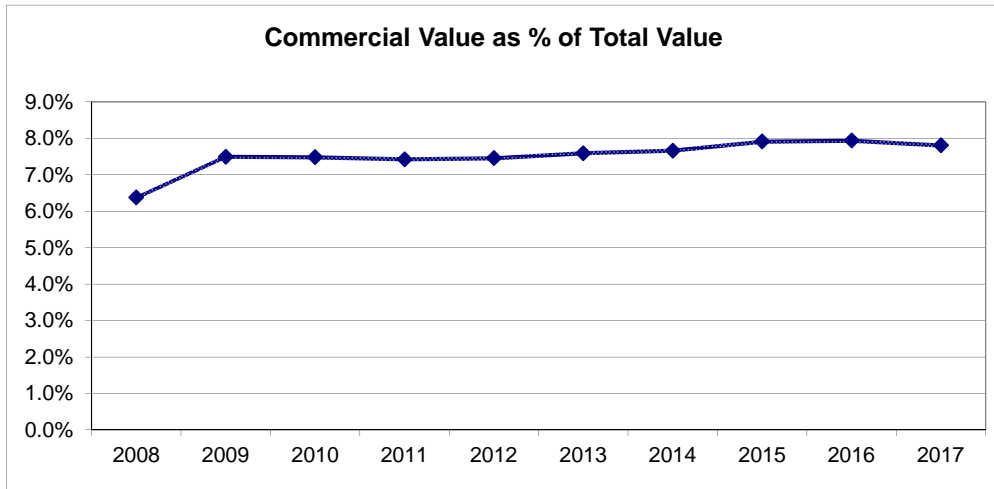
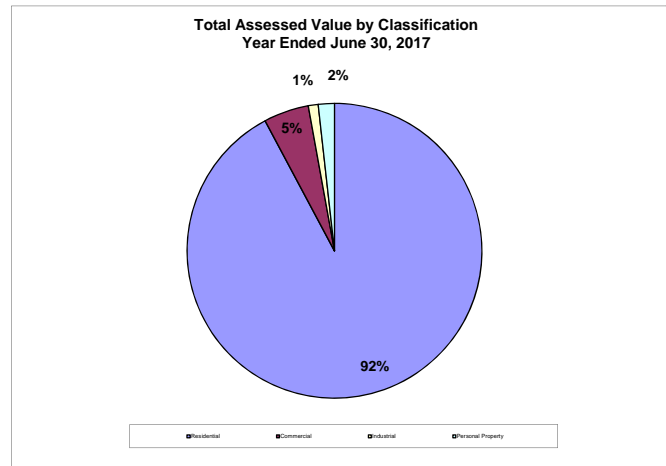
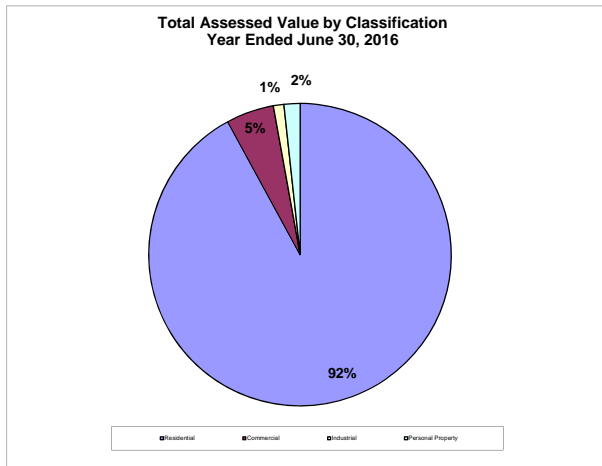
n/a - Information is not available.

(1) Educational expenditures and intergovernmental revenue decreased by approximately \$5.5 million in 2015 relating to a change in the way the Commonwealth of Massachusetts reported on-behalf payments for teacher's retirement benefits.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate	Total Town Value
2008	(1) \$4,586,786,110	\$8.72	\$223,328,575	\$43,622,000	\$45,423,853	\$312,374,428	\$8.72	6.4%	\$ 8.72	\$4,899,160,538
2009	\$4,099,485,652	\$9.99	\$227,507,906	\$42,942,900	\$61,765,017	\$332,215,823	\$9.99	7.5%	\$ 9.99	\$4,431,701,475
2010	\$3,967,268,613	\$10.75	\$215,560,402	\$41,011,300	\$64,264,470	\$320,836,172	\$10.75	7.5%	\$ 10.75	\$4,288,104,785
2011	(1) \$3,916,336,332	\$11.29	\$201,661,048	\$41,142,600	\$71,346,760	\$314,150,408	\$11.29	7.4%	\$ 11.29	\$4,230,486,740
2012	\$3,892,976,366	\$11.76	\$203,681,840	\$40,844,500	\$69,032,560	\$313,558,900	\$11.76	7.5%	\$ 11.76	\$4,206,535,266
2013	\$3,866,211,027	\$12.21	\$206,162,921	\$40,878,000	\$70,559,500	\$317,600,421	\$12.21	7.6%	\$ 12.21	\$4,183,811,448
2014	(1) \$3,861,371,126	\$13.29	\$205,393,300	\$44,716,614	\$70,326,699	\$320,436,613	\$13.29	7.7%	\$ 13.29	\$4,181,807,739
2015	\$3,977,151,911	\$13.29	\$223,566,744	\$47,060,900	\$71,090,968	\$341,718,612	\$13.29	7.9%	\$ 13.29	\$4,318,870,523
2016	\$4,031,604,809	\$13.88	\$224,476,879	\$48,437,200	\$74,746,291	\$347,660,370	\$13.88	7.9%	\$ 13.88	\$4,379,265,179
2017	\$4,218,292,026	\$13.72	\$227,304,272	\$49,318,100	\$80,548,370	\$357,170,742	\$13.72	7.8%	\$ 13.72	\$4,575,462,768



(1) Revaluation year.

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

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value.

The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

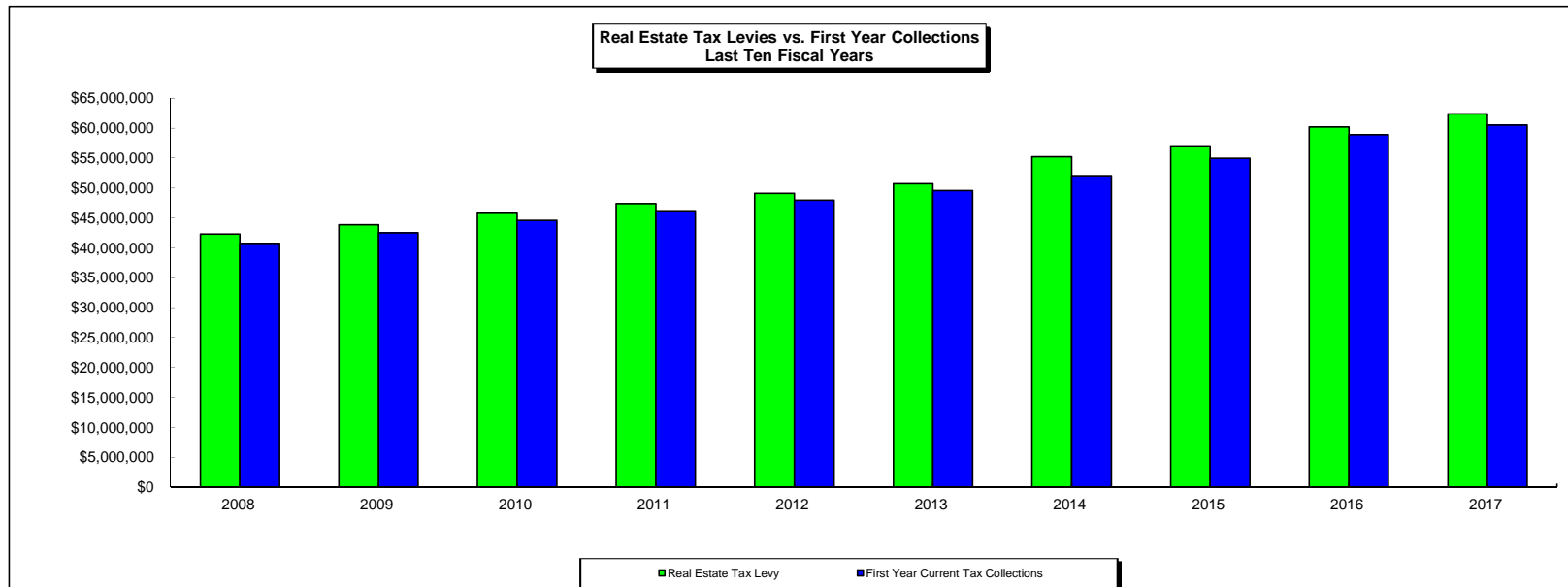
Principal Taxpayers
Current Year and Eight Years Ago

Name	Nature of Business	2017			2009*		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Shi Marshfield LLC (formerly WW LLC)	Assisted Living	\$ 43,000,000	1	0.98%	\$ -	-	-
Home Properties of Marshfield, LLP	Apartment Complex	24,780,500	2	0.57%	26,428,000	1	0.19%
NSTAR	Utility	28,761,980	3	0.66%	13,647,470	4	0.10%
Bixmore Webster Square	Shopping Plaza	18,174,200	4	0.42%	-	-	-
Columbia Gas of MA	Utility	16,576,300	5	0.38%	-	-	-
Verizon	Utility	14,812,400	6	0.34%	24,895,200	2	0.18%
Beacon Shore LTD	Apartment Complex over 55	11,000,000	7	0.25%	-	-	-
OMDB Realty, LLC	Shopping Plaza	9,089,000	8	0.21%	10,213,500	5	0.07%
Mariners Hill Limited	Apartments and Over 55	7,752,900	9	0.18%	9,106,900	7	0.07%
VRT	Commercial Property	9,203,400	10	0.21%	-	-	-
Curlto, LLC	Shopping Plaza	-	-	-	19,742,300	3	0.14%
Proprietors Woods LLC	Single Family Residence	-	-	-	8,794,400	8	0.06%
Bay State Gas	Utility	-	-	-	9,703,390	6	0.07%
Chestnut Hill	Residential Subdivision	-	-	-	7,579,500	9	0.06%
Metuxet Woods	Residential Subdivision	-	-	-	7,258,400	10	0.05%
Totals		<u>\$ 183,150,680</u>		<u>4.20%</u>	<u>\$ 137,369,060</u>		<u>0.99%</u>
Source: Official Statements, Town of Marshfield							
* 2008 information was not available							

Property Tax Levies and Collections

Last Ten Years

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as Percent of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$42,720,680	\$421,121	\$42,299,559	99.01%	\$40,756,510	96.35%	\$911,599	\$41,668,109	98.51%
2009	\$44,339,965	\$501,293	\$43,838,672	98.87%	\$42,508,902	96.97%	\$854,586	\$43,363,488	98.92%
2010	\$46,097,126	\$317,162	\$45,779,964	99.31%	\$44,593,567	97.41%	\$835,398	\$45,428,965	99.23%
2011	\$47,762,195	\$364,736	\$47,397,459	99.24%	\$46,172,819	97.42%	\$797,326	\$46,970,145	99.10%
2012	\$49,475,863	\$347,777	\$49,128,086	99.30%	\$47,948,166	97.60%	\$807,255	\$48,755,421	99.24%
2013	\$51,084,810	\$371,796	\$50,713,014	99.27%	\$49,546,242	97.70%	\$895,754	\$50,441,996	99.47%
2014	\$55,576,225	\$361,748	\$55,214,477	99.35%	\$52,080,161	94.32%	\$1,526,995	\$53,607,156	97.09%
2015	\$57,397,789	\$337,927	\$57,059,862	99.41%	\$54,994,597	96.38%	\$623,689	\$55,618,286	97.47%
2016	\$60,784,201	\$564,819	\$60,219,382	99.07%	\$58,894,554	97.80%	\$670,589	\$59,565,143	98.91%
2017	\$62,775,349	\$400,613	\$62,374,736	99.36%	\$60,528,056	97.04%	\$0	\$60,528,056	97.04%



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

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	Governmental Activities		Business-Type Activities		Total Debt Outstanding	Personal Income	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds(1)	Capital Leases	General Obligation Bonds(1)	Capital Leases					
2008	\$ 27,906,194	\$ -	\$ 8,199,291	\$ -	\$ 36,105,485	\$946,327,000	2.95%	24,735	\$1,128.21
2009	\$ 28,345,731	\$ -	\$ 9,797,097	\$ -	\$ 38,142,828	\$882,087,000	3.21%	24,947	\$1,136
2010	\$ 25,141,377	\$ -	\$ 8,872,554	\$ -	\$ 34,013,931	\$958,798,000	2.62%	25,184	\$998
2011	\$ 26,558,481	\$ -	\$ 11,929,472	\$ -	\$ 38,487,953	\$1,020,714,000	2.60%	25,185	\$1,055
2012	\$ 29,159,097	\$ -	\$ 12,556,963	\$ -	\$ 41,716,060	\$1,054,397,562	2.77%	25,132	\$1,160
2013	\$ 60,845,846	\$ -	\$ 18,405,068	\$ -	\$ 79,250,914	\$1,094,464,669	5.56%	24,378	\$2,496
2014	\$ 81,706,740	\$ -	\$ 17,577,476	\$ -	\$ 99,284,216	\$1,136,054,327	7.19%	25,436	\$3,212
2015	\$ 78,668,570	\$ -	\$ 15,970,707	\$ -	\$ 94,639,277	\$1,179,224,391	6.67%	25,509	\$3,084
2016	\$ 79,007,659	\$ -	\$ 17,236,222	\$ -	\$ 96,243,881	\$1,224,034,918	6.45%	25,430	\$3,107
2017	\$ 78,401,178	\$ -	\$ 16,728,877	\$ -	\$ 95,130,055	\$1,270,548,245	6.17%	25,909	\$3,026

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

Source: Audited Financial Statements, U. S. Census

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds(1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value	Debt Per Capita
2008	\$ 36,105,485	\$ -	\$ 36,105,485	0.74%	\$ 1,459.69
2009	\$ 38,142,828	\$ -	\$ 38,142,828	0.86%	\$ 1,528.95
2010	\$ 34,013,931	\$ -	\$ 34,013,931	0.79%	\$ 1,350.62
2011	\$ 38,487,953	\$ -	\$ 38,487,953	0.91%	\$ 1,528.21
2012	\$ 41,716,060	\$ -	\$ 41,716,060	0.99%	\$ 1,659.88
2013	\$ 79,250,914	\$ -	\$ 79,250,914	1.89%	\$ 3,250.92
2014	\$ 99,284,216	\$ -	\$ 99,284,216	2.37%	\$ 3,903.30
2015	\$ 94,639,277	\$ -	\$ 94,639,277	2.19%	\$ 3,710.03
2016	\$ 96,243,881	\$ -	\$ 96,243,881	2.20%	\$ 3,784.66
2017	\$ 95,130,055	\$ -	\$ 95,130,055	2.08%	\$ 3,671.70

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

<u>Town of Marshfield, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Plymouth County.....	\$ 1,925,000	6.48%	\$ 124,740
Town direct debt.....	<u>78,401,178</u>		<u>-</u>
Total direct and overlapping debt.....	\$ <u>80,326,178</u>		\$ <u>124,740</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 the 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

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

Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	\$ 5,158,780,200	\$ 5,158,780,200	\$ 4,678,944,800	\$ 4,678,944,800	\$ 4,524,078,200	\$ 4,524,078,200	\$ 4,527,020,700	\$ 4,400,432,600	\$ 4,400,432,600	\$ 4,661,838,100
Debt Limit - 5% of Equalized Valuation.....	\$ 257,939,010	\$ 257,939,010	\$ 233,947,240	\$ 233,947,240	\$ 226,203,910	\$ 226,203,910	\$ 226,351,035	\$ 220,021,630	\$ 220,021,630	\$ 233,091,905
Less:										
Outstanding debt applicable to limit.....	27,906,194	28,345,731	25,141,377	26,558,481	29,159,097	60,845,846	#REF!	78,668,570	#REF!	66,219,262
Authorized and unissued debt.....	11,294,000	6,042,000	7,383,000	15,331,000	119,925,839	93,547,603	67,674,273	57,694,273	57,233,773	57,652,536
Legal debt margin.....	\$ 218,738,816	\$ 223,551,279	\$ 201,422,863	\$ 192,057,759	\$ 77,118,974	\$ 71,810,461	\$ #REF!	\$ 83,658,787	\$ #REF!	\$ 109,220,107
Total debt applicable to the limit as a percentage of the limit.....	15.20%	13.33%	13.90%	17.91%	65.91%	68.25%	#REF!	61.98%	#REF!	53.14%

Source: Treasurer's Department, Town of Marshfield

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	24,735	\$ 946,327,000	\$ 38,259	37	4,739	6.20%
2009	24,947	\$ 882,087,000	\$ 35,358	37	4,742	7.70%
2010	25,184	\$ 958,798,000	\$ 35,936	37	4,738	7.20%
2011	25,185	\$ 1,020,714,000	\$ 40,529	37	4,744	6.40%
2012	25,132	\$ 1,054,397,562	\$ 41,954	40	4,577	6.80%
2013	24,378	\$ 1,094,464,669	\$ 44,896	43	4,523	6.30%
2014	25,436	#REF!	\$ 42,269	42	4,422	6.30%
2015	25,509	#REF!	\$ 43,291	44	4,772	6.30%
2016	25,430	#REF!	\$ 41,717	43	4,332	4.20%
2017	25,807	#REF!	\$ 40,927	44	4,250	4.00%

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

Principal Employers
Current Year and Eight Years Ago

Employer	Nature of Business	2017			2009*		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Marshfield	Municipal Government	809	1	6.08%			
Road to Responsibility	Retail & Service	472	2	3.55%	450	1	3.55%
Roche Brothers	Supermarket	286	3	2.15%	267	2	2.15%
Star Market	Supermarket	163	4	1.22%	170	3	1.22%
Winslow Woods	Assisted Living Facility	106	5	0.80%			
Marshfield Country Club	Golf Course	96	6	0.72%	84	6	0.72%
Kirwin Surgical Products LLC	Manufacturer	93	7	0.70%	85	4	0.70%
Cask and Flagon	Restaurant	80	8	0.60%			
Marshfield Tavern	Restaurant	76	9	0.57%			
Fairview Inn	Restaurant & Inn	70	10	0.53%	70	5	0.53%
CVS	Retail				67	7	0.50%
Marshall's	Retail				50	9	0.38%
Waste Solutions	Commercial				48	10	0.36%
		<u>2,251</u>		<u>16.92%</u>	<u>1,291</u>		<u>10.11%</u>

Source: Town records and various Town departments.

* 2008 information was not available.

Full-time Equivalent Town Employees by Function
Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function										
General government.....	41	39	38	38	37	37	29	29	29	31
Police.....	48	45	45	45	44	46	44	44	45	42
Fire.....	55	55	52	51	53	53	54	54	51	51
Education.....	628	643	640	628	681	660	731	731	793	744
Water.....	21	19	19	19	19	18	23	23	28	20
Sewer.....	14	12	13	13	13	13	15	15	21	21
Solid waste.....	7	7	7	7	5	6	7	7	10	7
Public works.....	40	36	34	34	41	41	38	38	45	39
Human services.....	19	17	17	17	15	15	8	8	9	8
Culture and recreation.....	30	29	28	28	28	28	6	6	8	8
Total.....	<u>903</u>	<u>902</u>	<u>893</u>	<u>880</u>	<u>936</u>	<u>917</u>	<u>955</u>	<u>955</u>	<u>1,039</u>	<u>971</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program
Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Population.....	24,735	24,947	25,184	25,185	25,132	24,378	24,182	25,509	25,436	24,892
Registered voters, annual town election.....	16,531	17,713	17,867	17,966	18,234	18,544	18,241	18,234	19,636	19,645
Town Clerk										
Births.....	255	220	229	216	207	188	184	196	180	182
Marriages.....	98	103	75	114	69	87	92	120	232	92
Deaths.....	174	186	166	214	209	191	177	180	90	214
Police										
Accidents covered by an officer.....	515	380	331	377	859	407	389	423	449	358
Citations issued.....	513	1,206	1,140	854	1,338	980	1,166	1,022	823	727
Arrests.....	660	790	826	494	413	360	706	685	449	573
Larcenies.....	104	300	547	354	420	378	52	43	194	151
Fire										
Rescue assist.....	387	414	332	340	354	15	346	317	707	756
False alarm.....	32	433	201	229	18	4	7	5	474	502
Public assist.....	240	407	472	604	239	201	406	280	286	365
Emergency responses/ambulance.....	1,974	2,025	2,072	2,230	2,346	2,416	2,352	2,384	2,714	2,900
Building Department										
Residential building permits issued.....	716	858	844	707	708	687	730	N/A	991	1,300
Non-Residential building permits issued.....	36	23	48	49	59	69	72	N/A	50	102
Education										
Public school enrollment.....	4,739	4,742	4,750	4,713	4,575	4,523	4,422	4,772	4,332	4,250
Public Works										
Cemetery										
Lots sold.....	106	61	84	67	64	76	76	58	61	100
Interments.....	78	72	89	89	62	109	98	87	67	108
Water										
Service connections.....	9,894	9,907	9,912	10,690	10,740	10,807	9,959	10,402	10,026	10,500
Consumption in billions of gallons.....	1,027	1,069	834	854	764	763	857	872	965	897
Daily consumption in millions of gallons.....	2.8	2.8	2.3	2.3	2.1	2.1	2.3	2.4	2.6	2.5
Sewer										
Service connections.....	4,479	4,502	4,650	4,222	4,247	4,285	4,403	N/A	4,403	4,298
Daily average collection (MGD).....	1.41	1.43	1.59	0.66	0.61	0.54	1.24	N/A	1,018	1.08
Highway										
Miles of public road.....	170	170	170	170	171	171	170	170	170	243
Human Services										
Board of Health										
Permits issued.....	669	688	663	696	721	755	730	N/A	734	732
Variances.....	26	24	21	24	32	29	24	N/A	23	32
Council on Aging										
Home delivered meals.....	13,921	13,189	11,375	12,447	10,665	12,272	14,136	13,275	13,771	12,072
Transportation.....	11,325	11,646	11,807	11,442	10,937	11,965	10,771	11,932	11,863	11,546
Volunteer service hours.....	23,441	20,417	30,061	30,242	33,337	34,329	34,542	33,982	36,010	39,380
Fitness/exercise program participants.....	5,166	6,333	7,074	6,696	7,355	7,812	10,394	9,432	9,538	9,904
Recreation/social event participants.....	14,191	14,404	15,355	14,651	15,320	27,107	30,106	28,390	34,093	36,789
Libraries										
Volumes in collection.....	76,202	75,602	80,466	70,166	70,689	71,372	93,372	N/A	98,239	69,325
Circulation.....	273,951	244,362	280,621	260,155	260,155	197,639	211,679	207,727	208,824	202,151
Program attendance.....	6,023	5,726	5,829	8,761	5,379	7,002	7,396	7,140	6,491	7,995

Source: Various Town Departments
N/A - This information was not available for 2015.

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Airport.....	1	1	1	1	1	1	1	1	1	1
General Government										
Number of buildings.....	2	3	3	3	3	3	3	3	1	1
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Number of vehicles.....	15	15	16	16	14	14	14	14	14	19
Education										
Number of elementary schools.....	5	5	5	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	200	200	201	201	201	202	201	201	201	206
Fire hydrants.....	1,388	1,390	1,398	1,399	1,399	1,401	1,399	1,399	1,399	1,436
Sanitary sewers (miles).....	41	41	41	41	41	41	41	41	41	50
Number of wells.....	17	17	17	17	17	17	17	17	17	16
Number of water storage tanks.....	4	4	4	4	4	4	4	4	4	4
Number of pump stations.....	16	16	16	16	17	15	16	16	16	16
Human Services										
Senior center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation building.....	1	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments