



## **TOWN OF NORWELL, MASSACHUSETTS**

**Comprehensive Annual Financial Report**

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



**TOWN OF NORWELL, MASSACHUSETTS**

**Comprehensive Annual Financial Report  
Annual Financial Statements**

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

**Prepared by:  
The Finance Department**

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Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

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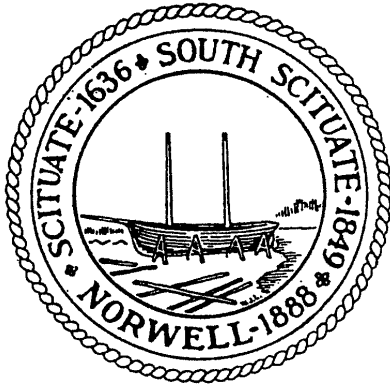
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**INTRODUCTORY  
SECTION**

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**TOWN OF NORWELL**  
DEPARTMENT OF FINANCE  
345 Main Street  
Norwell, MA 02061  
(781) 659-8010

## LETTER OF TRANSMITTAL

December 28, 2016

### **To the Honorable Board of Selectmen and Citizens of the Town of Norwell:**

At the close of each fiscal year, State law requires the Town of Norwell to publish a complete set of financial statements presented in conformance with *Generally Accepted Accounting Principles* (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Norwell, Massachusetts, for the fiscal year ending June 30, 2016 for your review.

This report consists of management's representations concerning the finances of the Town of Norwell. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Norwell has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse, and to compile sufficient, reliable information for the preparation of the Town of Norwell's financial statements in compliance with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Norwell's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Norwell's financial statements have been audited by Melanson Heath, 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 Norwell for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial

statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Norwell's financial statements for the fiscal year ended June 30, 2016, and further, that they are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this 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 Norwell's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Town of Norwell**

The Town of Norwell is an affluent, semi-rural town located 20 miles southeast of Boston in Plymouth County, Massachusetts. First settled in 1634 as a part of the settlement of Scituate, the Town was officially created in 1849 as South Scituate, and then in 1888 changed its name to Norwell. The Town occupies a land area of approximately 21.2 square miles, has a current population of approximately 11,000, and is situated near the junction of Massachusetts Route 3, the main highway to Boston. In addition to Route 3, Routes 53, 123, and 228 are the principal highways and roads serving the Town, providing an excellent location for commuters, residents, and businesses.

The Town of Norwell is governed by an open town meeting form of government and an elected 5-member Board of Selectmen. The Selectmen serve as the Town's policy makers and appoint a Town Administrator responsible for assisting the Selectmen in the formulation of policy and administering the day-to-day affairs of the Town. An elected, 5-member School Committee appoints a School Superintendent who administers the school system of the Town. Both the School Committee and Board of Selectmen are elected at-large to 3-year terms. An appointed Advisory Board, consisting of 9 members, makes recommendations to Town Meeting on operating budgets and other financial matters.

The Town of Norwell provides a full range of services, including police and fire protection, building inspections, licenses and permits, vital statistics, K-12 public education, construction and maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational services, water, administrative, and financial services. A new police headquarters building was constructed and added to the fire department headquarters building in 2015. Emergency communications have been regionalized with the towns of Hingham, Cohasset, and Hull in a Hingham location.

In addition to the Norwell Public Library, the James Library & Center for the Arts and the South Shore Natural Science Center are in Norwell and offer arts, science and library services independently, attracting visitors to Norwell from surrounding communities. Currently, the Town is in the design and planning stage of constructing a new public library.

Several significant recreational areas are located throughout the Town providing a variety of outdoor activities including walking, picnicking, bicycling, fishing, boating, and kayaking. Wompatuck State Park is a great asset located in the northeast section of Town. Much of Norwell's eastern border lies along the beautiful North River leading to the Atlantic Ocean, where many shipbuilding companies once stood. The Norris Reservation provides 2 miles of walking trails through the woods with benches along the North River. The Jacobs Pond conservation area provides floating docks and boardwalks including a handicap accessible dock for kayakers. The Town of Norwell has spent over \$2,000,000 and many years developing a system of pathways throughout the Town for recreational purposes.

### **Factors Affecting Financial Condition**

The Town of Norwell continues to reflect a strong economic condition. Per capita income is significantly higher than State averages and the unemployment rate is extremely low. The Town remains a very desirable community given its proximity and accessibility to Boston, its high level of public services and amenities, and its highly ranked school system.

Since the Town adopted the Community Preservation Act effective in FY2003, which allows for a 3% surcharge on real estate bills with a state match, the Town has collected approximately \$10.3 million from the surcharge and \$5.7 million in state matches. Appropriations from the CPA fund totaling about \$16.3 million have provided funding for many projects in historic preservation, affordable housing, and open space and recreation. Funds dedicated for recreational purposes include playgrounds, athletic fields, docks, town landings, and walking and bike trails. The citizens remain committed to the viability of the program as appropriations continue to be approved annually at either Annual or Special Town Meetings.



Community Preservation Act (CPA) funding in FY2013 made it possible to construct a 4-season, 1,080 square foot polyethylene floating dock with benches and bridge at Jacobs Pond. The dock is handicap accessible with a "transfer bench" which allows people to get in and out of kayaks or canoes without putting them in the water. Handicapped visitors may drive directly down to the dock.

The Town is primarily a residential community with high-end development and a small, but stable, commercial/industrial base which has contributed to strong property tax base growth during the past decade. The residential housing market is strong, reflecting the great interest in the community, especially due to the excellent reputation of the school system. There continues to be reinvestment in single family properties through renovations or replacement of older homes. There are also proposals for new development in Norwell, including a variety of commercial projects. Assessed value has grown by an average of 4% during the past three fiscal years and the Town's market value grew by 3.6% over the past year to \$2.4 billion in 2016. The Town has a per capita market value of \$229,954 and a projected per capita effective buying income of 165% of the national level. The Town also has two industrial parks with good occupancy rates including medical facilities which continue to strengthen.

The Town continues to be a very desirable location for development for many reasons, including its proximity to Route 3.

Exotic car dealership McLaren of Boston opened in Norwell a year ago in addition to other high-end dealerships currently in Norwell. The sale of new McLaren cars and other high-end cars has contributed to increased tax revenues. Significant increases in revenues is also anticipated in the upcoming fiscal year due to the Town's negotiation of a community impact agreement to allow a medical marijuana dispensary be located in one of Norwell's two industrial parks. The law allows the State to license up to 35 dispensaries, with at least one but no more than five per county. Upon final State approval to construct the new facility, Norwell will have one of the first medical marijuana dispensaries in the State which is expected to generate \$125,000 in revenues in the first year alone.

The Town was recently designated a Green Community by the Department of Energy Resources and is expected to receive an initial grant of \$146,000 for purposes of improving energy efficiency and increasing the use of renewable energy. The Town has been proactive in taking cost-saving measures in energy consumption and in fiscal year 2016 saved approximately \$262,000 due to the use of solar panels and the purchase of net metering credits and other energy conservation.

In fiscal year 2016, voters adopted a pay-as-you-throw trash collection program which is expected to decrease Town trash disposal costs by at least \$50,000 annually and increase the recycling rate by about 20 percent.

Excellent collection rates and quarterly tax billings have eliminated the need for the Town to borrow on a short-term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on the sound principles of safety, liquidity and yield.

## **Relevant Financial Policies**

**Long-term Financial Planning** – The Town has sustained quality municipal and school services despite years of reduced state aid through prudent budgeting, user fee adjustments, strong tax collections, modification of employee health benefits, and continued property growth.

Health insurance cost increases continue to outpace the rate of inflation and this trend is projected to continue in the long-term. Due to new legislation passed by the State, municipalities now have the power to implement plan design changes without following the traditional collective bargaining process. However, any change in contribution rates are still subject to that process. Municipalities can also elect to join the State insurance program under the Group Insurance Commission (GIC) as an alternative. In addition, all eligible retirees are required to join a Medicare plan which will reduce Town costs.

The Town currently participates in a joint purchase group, Mayflower Municipal Health Group for its health insurance program. Under the new law, the group voted to make plan design changes to deductibles and co-pays which mirror those under the plan offered by the GIC. The plan design changes have mitigated premium rate increases for the past two years and a mitigation fund was established to assist employees with co-pays and deductibles.

**Credit Rating** – The Town continues to manage its financial affairs in a prudent manner. Due to the Town’s consistent and strong financial outlook, the Town has maintained a credit rating of “AAA” from Standard and Poor’s since 2009, which is the highest bond rating given to any government within the State. The Town’s management is viewed as “very strong” with strong, well embedded, and likely sustainable financial management policies and practices.

When budgeting, management’s initiatives include conservative revenue and expenditure assumptions with a five-year historical trend analysis. Management maintains a five-year capital improvement plan and a formal four-year budget forecast.

Norwell also maintains basic debt and formal investment policies and provides reports to the Board of Selectmen. The debt management policy establishes an annual debt service ceiling of 10% and a floor of 2% on all bonded general fund debt, including debt exclusions, net of all subsidies. The policy also targets the retirement of 60% of debt within 10 years.

Management’s adopted reserve policy calls for the maintenance of unassigned fund balance, plus an unrestricted stabilization fund balance, equal to no less than 5% of annual general fund expenditures, coupled with a target goal of 10-15%, to which the Town currently adheres. Strong budgetary flexibility is evident with an available fund balance in fiscal 2016 of 14.2% of operating expenditures, or \$6.8 million. In addition, the Stabilization Fund is restricted to non-recurring and/or capital expenditures no greater than 20% in the aggregate of the unrestricted stabilization fund balance in any fiscal year. Management evaluates the Town’s fiscal policies on an

annual basis to determine if the Town achieved the goals set forth by the policies which are fundamental to the budget process.

The Town annually adds to the Capital Expenditure Stabilization Fund established for funding future capital projects and supporting capital spending. Per the fiscal policy, any amount appropriated from the Fund shall be replenished within two fiscal years, in most cases, from “free cash”. For the past several years, up to about \$200,000 of the Town’s certified “free cash” has been unappropriated as a management initiative resulting in a more favorable “free cash” position in the subsequent fiscal year.

**Pension and other post-employment benefits** – The Town of Norwell is a member of the Plymouth County Retirement System (the System) and fully funds each year’s annual required contribution to the pension plan as determined by the actuary. Norwell’s proportionate share of the System’s net pension liability is 3.4%. The System has a net pension liability of \$634.2 million, with Norwell’s proportionate share being \$21.8 million.

The Town of Norwell also provides post-retirement health care benefits for certain retirees and their dependents, paid for on a pay-as-you-go basis. In accordance with the GASB Statement 45, the Town has updated its actuarial valuation. At June 30, 2016, the most recent actuarial valuation, Norwell’s accrued OPEB liability was an estimated \$20.6 million. In addition, the Town established an OPEB trust, with a \$1.9 million balance at June 30, 2016. Management has initiated appropriations of \$120,000 to \$130,000 into the trust for the past 3 years as part of the Town’s annual operating budget. Coupled with additional meals tax revenues of over \$200,000 per year, the Town has transferred over \$300,000 per year into the OPEB trust.

**Risk Management** – The Town of Norwell manages its risk through a combination of self-insured programs for worker’s compensation and unemployment, and as a member of the Massachusetts Interlocal Insurance Association (MIIA), a public entity risk pool, for property, casualty and liability. MIIA is self-sustaining through member premiums and reinsures through commercial companies for stop loss insurance.

### **Awards and Acknowledgements**

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for award.

**Acknowledgements** – The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance Department. 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, Town Counsel, and the Advisory Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances. Special thanks are due to the audit



firm of Melanson Heath, for their advice and assistance in the preparation and the encouragement given to the financial departments.

Respectfully submitted,

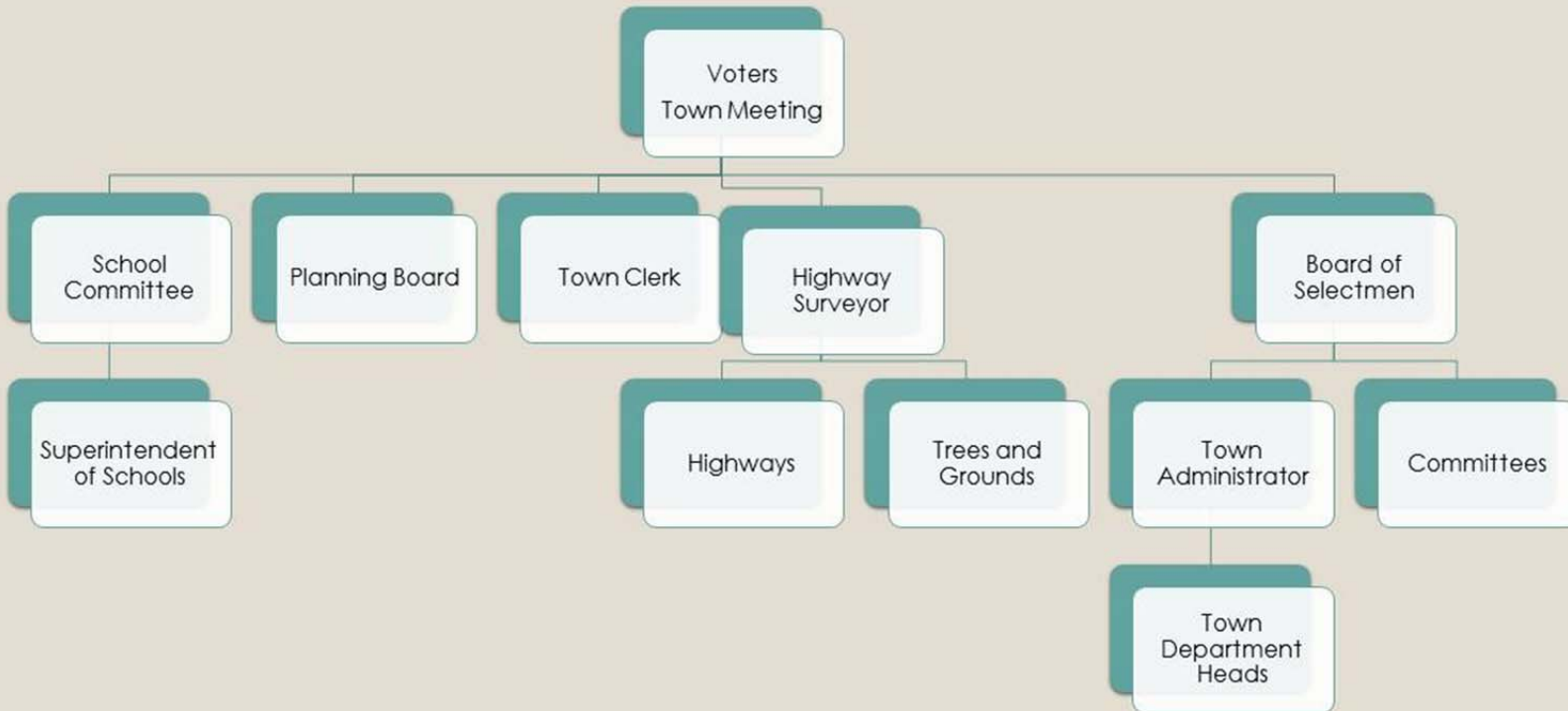
A handwritten signature in blue ink, appearing to read "Peter J. Morin". The signature is fluid and cursive, with a large initial "P" and "M".

Peter J. Morin  
Town Administrator

A handwritten signature in black ink, appearing to read "Donna G. Mangan". The signature is cursive and somewhat stylized, with a large initial "D" and "M".

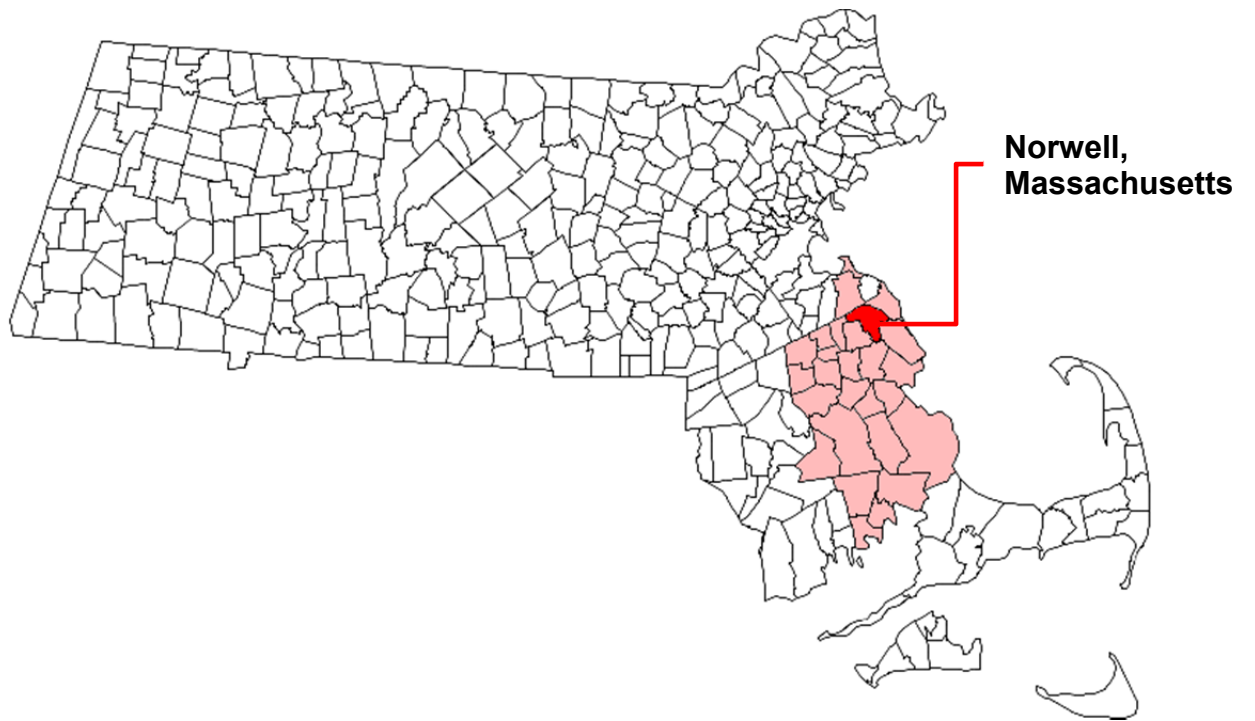
Donna G. Mangan  
Finance Director/Town Accountant

# Town of Norwell



**Principal Town Officials**

| <u>Title</u>                         | <u>Name</u>        | <u>Term</u>     | <u>Term Expires</u> |
|--------------------------------------|--------------------|-----------------|---------------------|
| Selectman                            | Jason Brown        | Elected/3 yrs   | 2019                |
| Selectman                            | Ellen Allen        | Elected/3 yrs   | 2017                |
| Selectman                            | Gregg McBride      | Elected/3 yrs   | 2019                |
| Selectman                            | Peter Smellie      | Elected/3 yrs   | 2018                |
| Selectman                            | Alison Demong      | Elected/3 yrs   | 2018                |
| Town Administrator                   | Peter Morin        | Appointed/3 yrs | 2018                |
| Finance Director/<br>Town Accountant | Donna Mangan       | Appointed/3 yrs | 2018                |
| Treasurer/Collector                  | Darleen Sullivan   | Appointed/3 yrs | 2019                |
| Assistant Assessor                   | Barbara Gingras    | Indefinite      | N/A                 |
| Town Clerk                           | Patricia Anderson  | Elected/3 yrs   | 2017                |
| Assessor                             | William Houser     | Elected/3 yrs   | 2018                |
| Assessor                             | Susan Kirby        | Elected/3 yrs   | 2017                |
| Assessor                             | Joan Osborne       | Elected/3 yrs   | 2019                |
| Police Chief                         | Theodore Ross      | Appointed/3 yrs | 2017                |
| Fire Chief                           | Andrew Reardon     | Appointed/3 yrs | 2017                |
| Highway Surveyor                     | Glenn Ferguson     | Elected/3 yrs   | 2019                |
| Dir Land/Resource                    | Glenn Ferguson     | Elected/3 yrs   | 2019                |
| School Committee                     | Kiersten Warendorf | Elected/3 yrs   | 2019                |
| School Committee                     | Alison Link        | Elected/3 yrs   | 2017                |
| School Committee                     | Mary Lou O'Leary   | Elected/3 yrs   | 2018                |
| School Committee                     | Christina Kane     | Elected/3 yrs   | 2019                |
| School Committee                     | Patrick Reed       | Elected/3 yrs   | 2019                |
| School Superintendent                | Matthew Keegan     | Appointed/3 yrs | 2020                |



**FINANCIAL  
SECTION**



Fifty-nine acre Jacobs Pond, which is part of a larger 270-acre conservation site off Jacobs Lane in Norwell features various recreational activities including hiking, boating, fishing and picnicking.

## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Norwell, Massachusetts

### Additional Offices:

Nashua, NH  
Manchester, NH  
Greenfield, MA  
Ellsworth, ME

### **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 Norwell, Massachusetts, as of and for the year ended June 30, 2016, 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**

The Town's 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.

### **Auditors' 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. 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 auditors' 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 Norwell, Massachusetts, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 Management's Discussion and Analysis, the Schedule of OPEB Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Pension Contributions 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 evidence sufficient 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's basic financial statements. The supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the



financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

*Melanson Heath*

December 28, 2016

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## **BASIC FINANCIAL STATEMENTS**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Norwell, we offer readers this narrative overview and analysis of the financial activities of the Town of Norwell for the fiscal year ended June 30, 2016.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal 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, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities include water activities.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water operations, which is considered to be a major fund.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

## B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$75,708,250 (i.e., net position), a change of \$414,848 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$25,704,809, a change of \$5,171,623 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,813,396, a change of \$1,203,797 in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$22,866,246 a change of \$1,177,122 in comparison to the prior year.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

|                                   | <u>NET POSITION</u>            |                  |                                 |                 |                  |                  |
|-----------------------------------|--------------------------------|------------------|---------------------------------|-----------------|------------------|------------------|
|                                   | <u>Governmental Activities</u> |                  | <u>Business-Type Activities</u> |                 | <u>Total</u>     |                  |
|                                   | <u>2016</u>                    | <u>2015</u>      | <u>2016</u>                     | <u>2015</u>     | <u>2016</u>      | <u>2015</u>      |
| Current and other assets          | \$ 36,744                      | \$ 31,113        | \$ 3,577                        | \$ 3,074        | \$ 40,321        | \$ 34,187        |
| Capital assets                    | <u>94,809</u>                  | <u>94,848</u>    | <u>10,981</u>                   | <u>11,301</u>   | <u>105,790</u>   | <u>106,149</u>   |
| Total assets                      | 131,553                        | 125,961          | 14,558                          | 14,375          | 146,111          | 140,336          |
| Long-term liabilities outstanding | 59,235                         | 53,903           | 5,735                           | 5,549           | 64,970           | 59,452           |
| Other liabilities                 | <u>5,118</u>                   | <u>5,211</u>     | <u>315</u>                      | <u>379</u>      | <u>5,433</u>     | <u>5,590</u>     |
| Total liabilities                 | 64,353                         | 59,114           | 6,050                           | 5,928           | 70,403           | 65,042           |
| Net position:                     |                                |                  |                                 |                 |                  |                  |
| Net investment in capital assets  | 75,406                         | 73,123           | 9,606                           | 9,689           | 85,012           | 82,812           |
| Restricted                        | 10,400                         | 10,074           | -                               | -               | 10,400           | 10,074           |
| Unrestricted                      | <u>(18,606)</u>                | <u>(16,350)</u>  | <u>(1,098)</u>                  | <u>(1,242)</u>  | <u>(19,704)</u>  | <u>(17,592)</u>  |
| Total net position                | <u>\$ 67,200</u>               | <u>\$ 66,847</u> | <u>\$ 8,508</u>                 | <u>\$ 8,447</u> | <u>\$ 75,708</u> | <u>\$ 75,294</u> |

CHANGES IN NET POSITION

|  | <u>Governmental</u> |                  | <u>Business-Type</u> |                 | <u>Total</u>     |                  |
|--|---------------------|------------------|----------------------|-----------------|------------------|------------------|
|  | <u>Activities</u>   |                  | <u>Activities</u>    |                 |                  |                  |
|  | <u>2016</u>         | <u>2015</u>      | <u>2016</u>          | <u>2015</u>     | <u>2016</u>      | <u>2015</u>      |
| Revenues:  |                     |                  |                      |                 |                  |                  |
| Program revenues:  |                     |                  |                      |                 |                  |                  |
| Charges for services   | \$ 3,701            | \$ 3,746         | \$ 2,113             | \$ 2,140        | \$ 5,814         | \$ 5,886         |
| Operating grants   | 9,734               | 8,139            | -                    | -               | 9,734            | 8,139            |
| Capital grants and contributions                             | 7                   | 1,058            | -                    | -               | 7                | 1,058            |
| General revenues:  |                     |                  |                      |                 |                  |                  |
| Property taxes   | 41,361              | 39,634           | -                    | -               | 41,361           | 39,634           |
| Excises  | 2,055               | 2,081            | -                    | -               | 2,055            | 2,081            |
| Penalties and interest on taxes                              | 136                 | 135              | -                    | -               | 136              | 135              |
| Grants and contributions not restricted to specific programs | 1,151               | 1,096            | -                    | -               | 1,151            | 1,096            |
| Investment income  | 361                 | 224              | -                    | -               | 361              | 224              |
| Other  | 423                 | 675              | 1                    | 8               | 424              | 683              |
| Total revenues   | <u>58,929</u>       | <u>56,788</u>    | <u>2,114</u>         | <u>2,148</u>    | <u>61,043</u>    | <u>58,936</u>    |
| Expenses:  |                     |                  |                      |                 |                  |                  |
| General government   | 3,683               | 3,798            | -                    | -               | 3,683            | 3,798            |
| Public safety  | 9,430               | 9,052            | -                    | -               | 9,430            | 9,052            |
| Education  | 37,001              | 34,193           | -                    | -               | 37,001           | 34,193           |
| Public works   | 2,827               | 3,876            | -                    | -               | 2,827            | 3,876            |
| Human services   | 1,824               | 1,605            | -                    | -               | 1,824            | 1,605            |
| Culture and recreation                                       | 1,585               | 898              | -                    | -               | 1,585            | 898              |
| Interest on long-term debt                                   | 726                 | 802              | -                    | -               | 726              | 802              |
| Intergovernmental  | 1,170               | 1,166            | -                    | -               | 1,170            | 1,166            |
| Water  | -                   | -                | 2,053                | 2,094           | 2,053            | 2,094            |
| Total expenses   | <u>58,246</u>       | <u>55,390</u>    | <u>2,053</u>         | <u>2,094</u>    | <u>60,299</u>    | <u>57,484</u>    |
| Change in net position before transfers                      | 683                 | 1,398            | 61                   | 54              | 744              | 1,452            |
| Transfers in (out)   | <u>(330)</u>        | <u>(149)</u>     | <u>-</u>             | <u>(170)</u>    | <u>(330)</u>     | <u>(319)</u>     |
| Change in net position                                       | 353                 | 1,249            | 61                   | (116)           | 414              | 1,133            |
| Net position - beginning of year                             | <u>66,847</u>       | <u>65,598</u>    | <u>8,447</u>         | <u>8,563</u>    | <u>75,294</u>    | <u>74,161</u>    |
| Net position - end of year                                   | <u>\$ 67,200</u>    | <u>\$ 66,847</u> | <u>\$ 8,508</u>      | <u>\$ 8,447</u> | <u>\$ 75,708</u> | <u>\$ 75,294</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$75,708,250, a change of \$414,848 from the prior year.

The largest portion of net position \$85,011,620 reflects our 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. These capital assets are used 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 \$10,399,662 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit balance of \$(19,703,032) caused primarily by unfunded post-employment benefits and unfunded pension liability (see Notes 19 and 20).

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$353,543. Key elements of this change are as follows:

|   |                   |
|---|-------------------|
| General fund operating results  | \$ 2,400,114      |
| Community preservation fund operating results -<br>accrual basis          | 490,916           |
| Nonmajor funds operating results - accrual basis                          | (155,571)         |
| Excess depreciation over principal maturities,<br>a budgeted expense      | (489,869)         |
| Change in other post employment benefits liability                        | (2,280,796)       |
| Change in net pension liability, and related deferred<br>inflows/outflows | (219,724)         |
| Other GAAP accruals   | <u>608,473</u>    |
| Total   | <u>\$ 353,543</u> |

**Business-type activities.** Business-type activities for water operations for the year resulted in a change in net position of \$61,305.

#### **D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$25,704,809 a change of \$5,171,623 in comparison to the prior year. Key elements of this change are as follows:

|   |                     |
|---|---------------------|
| General fund operating results                | \$ 2,400,114        |
| Community preservation fund operating results | 66,558              |
| Nonmajor funds operating results              | <u>2,704,951</u>    |
| Total   | <u>\$ 5,171,623</u> |

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,813,396, while total fund balance was \$12,526,831. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

| <u>General Fund</u>     | <u>6/30/16</u> | <u>6/30/15</u> | <u>Change</u> | <u>% of Total General Fund Expenditures</u> |
|-------------------------|----------------|----------------|---------------|---|
| Unassigned fund balance | \$ 6,813,396   | \$ 5,609,599   | \$ 1,203,797  | 14.2%                                       |
| Total fund balance      | \$ 12,526,831  | \$ 10,126,717  | \$ 2,400,114  | 26.0%                                       |

The total fund balance of the general fund changed by \$2,400,114 during the current fiscal year. Key factors in this change are as follows:

|  |                     |
|--|---------------------|
| Excess of state and local revenues over budget   | \$ 855,592          |
| Budgetary appropriation surplus  | 925,109             |
| Excess tax collections over budget   | 1,156,316           |
| Excess of current year encumbered appropriations to be spent in subsequent year over prior year encumbrances spent in the current year | 976,842             |
| Use of free cash   | (1,058,360)         |
| Use of overlay surplus   | (504,000)           |
| Use of reserve for excluded debt   | (118,514)           |
| Increase in stabilization fund balances  | <u>167,129</u>      |
| Total  | <u>\$ 2,400,114</u> |

Included in the total general fund balance are the Town's stabilization accounts with the following balances:

|                                   | <u>6/30/16</u>      | <u>6/30/15</u>      | <u>Change</u>     |
|-----------------------------------|---------------------|---------------------|-------------------|
| Stabilization Fund                | \$ 1,741,976        | \$ 1,734,653        | \$ 7,323          |
| Capital Stabilization Fund        | 1,006,464           | 902,389             | 104,075           |
| Athletic Field Stabilization Fund | <u>84,583</u>       | <u>28,852</u>       | <u>55,731</u>     |
| Total                             | <u>\$ 2,833,023</u> | <u>\$ 2,665,894</u> | <u>\$ 167,129</u> |

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise fund at the end of the year amounted to \$(1,097,588), a change of \$144,879 in comparison to the prior year. The deficit balance is a result of recording unfunded OPEB and pension liabilities.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

## **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$242,193. The major reasons for this increase include:

- \$24,193 increase in public safety appropriations.
- \$218,000 increase in public works appropriations, primarily related to snow and ice appropriations.
- Additionally there were other budgetary reclassifications during the fiscal year which had no impact on the Town's total budget.

These increases were funded by the use of free cash.

The Town's actual revenues as compared to budget show a \$855,592 favorable variance. This consists primarily of a \$573,371 motor vehicle excise surplus.

Additionally, the Town had departmental turnbacks of \$925,109 largely due to the following:

- Reserve fund turnback of \$35,533.
- Facilities department turnbacks of \$33,124.
- Highway department general expense turnbacks of \$173,904 and salary turnbacks of \$81,770.
- Group insurance turnback of \$225,176.

## **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$105,790,059 (net of accumulated depreciation), a change of \$(358,727) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Main Street construction of \$959,771
- Vinal School playground and equipment of \$500,000

Additional information on capital assets can be found in the Notes to the Financial Statements.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$22,866,246, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Norwell'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:

Office of Finance Director  
Town of Norwell  
345 Main Street  
Norwell, Massachusetts 02061

TOWN OF NORWELL, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2016

|  | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>         |
|--|-----------------------------------|------------------------------------|----------------------|
| <b>ASSETS</b>  |                                   |                                    |                      |
| Current:   |                                   |                                    |                      |
| Cash and short-term investments                            | \$ 25,030,425                     | \$ 2,461,007                       | \$ 27,491,432        |
| Investments  | 2,699,477                         | -                                  | 2,699,477            |
| Receivables, net of allowance for uncollectibles:          |                                   |                                    |                      |
| Property taxes   | 475,648                           | -                                  | 475,648              |
| Excises  | 82,252                            | -                                  | 82,252               |
| Departmental and other                                     | 129,969                           | -                                  | 129,969              |
| User fees  | -                                 | 858,920                            | 858,920              |
| Intergovernmental  | 2,990                             | -                                  | 2,990                |
| Other assets   | 600                               | -                                  | 600                  |
| Noncurrent:  |                                   |                                    |                      |
| Receivables, net of allowance for uncollectibles:          |                                   |                                    |                      |
| Property taxes   | 1,381,466                         | -                                  | 1,381,466            |
| Betterments not yet due                                    | 34,367                            | -                                  | 34,367               |
| Intergovernmental  | 4,596,066                         | -                                  | 4,596,066            |
| Capital Assets:  |                                   |                                    |                      |
| Land and construction in progress                          | 34,346,844                        | 442,751                            | 34,789,595           |
| Other capital assets, net of accumulated depreciation      | 60,461,911                        | 10,538,553                         | 71,000,464           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      | <u>2,311,418</u>                  | <u>256,824</u>                     | <u>2,568,242</u>     |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>     | 131,553,433                       | 14,558,055                         | 146,111,488          |
| <b>LIABILITIES</b>   |                                   |                                    |                      |
| Current:   |                                   |                                    |                      |
| Warrants payable   | 1,377,710                         | 38,014                             | 1,415,724            |
| Accrued liabilities  | 182,962                           | 14,390                             | 197,352              |
| Tax refunds payable  | 346,689                           | -                                  | 346,689              |
| Other current liabilities                                  | 514,223                           | -                                  | 514,223              |
| Current portion of long-term liabilities:                  |                                   |                                    |                      |
| Bonds payable  | 2,468,493                         | 245,000                            | 2,713,493            |
| Compensated absences                                       | 120,344                           | 4,001                              | 124,345              |
| Noncurrent:  |                                   |                                    |                      |
| Bonds payable, net of current portion                      | 18,737,753                        | 1,415,000                          | 20,152,753           |
| Compensated absences, net of current portion               | 2,286,527                         | 76,021                             | 2,362,548            |
| Accrued other postemployment benefits                      | 18,582,016                        | 2,064,667                          | 20,646,683           |
| Net pension liability                                      | 19,627,703                        | 2,180,855                          | 21,808,558           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       | <u>108,783</u>                    | <u>12,087</u>                      | <u>120,870</u>       |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b> | 64,353,203                        | 6,050,035                          | 70,403,238           |
| <b>NET POSITION</b>  |                                   |                                    |                      |
| Net investment in capital assets                           | 75,406,012                        | 9,605,608                          | 85,011,620           |
| Restricted for:  |                                   |                                    |                      |
| Grants and other statutory restrictions                    | 9,010,976                         | -                                  | 9,010,976            |
| Permanent funds:   |                                   |                                    |                      |
| Nonexpendable  | 378,092                           | -                                  | 378,092              |
| Expendable   | 1,010,594                         | -                                  | 1,010,594            |
| Unrestricted   | <u>(18,605,444)</u>               | <u>(1,097,588)</u>                 | <u>(19,703,032)</u>  |
| <b>TOTAL NET POSITION</b>                                  | <u>\$ 67,200,230</u>              | <u>\$ 8,508,020</u>                | <u>\$ 75,708,250</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

|  | Expenses      | Program Revenues     |                                    |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
|  |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                             | Business-Type Activities | Total          |
| <b>Governmental Activities:</b>                              |               |                      |                                    |                                  |   |                          |                |
| General government   | \$ 3,682,858  | \$ 461,033           | \$ 541,888                         | \$ -                             | \$ (2,679,937)                                      | \$ -                     | \$ (2,679,937) |
| Public safety  | 9,429,556     | 1,242,920            | 13,807                             | -                                | (8,172,829)   | -                        | (8,172,829)    |
| Education  | 37,001,437    | 1,547,872            | 9,128,821                          | -                                | (26,324,744)  | -                        | (26,324,744)   |
| Public works   | 2,827,045     | 3,840                | -                                  | 7,500                            | (2,815,705)   | -                        | (2,815,705)    |
| Health and human services                                    | 1,824,023     | 81,271               | 32,035                             | -                                | (1,710,717)   | -                        | (1,710,717)    |
| Culture and recreation                                       | 1,585,395     | 364,544              | 17,739                             | -                                | (1,203,112)   | -                        | (1,203,112)    |
| Interest   | 725,926       | -                    | -                                  | -                                | (725,926)   | -                        | (725,926)      |
| Intergovernmental  | 1,169,710     | -                    | -                                  | -                                | (1,169,710)   | -                        | (1,169,710)    |
| Total Governmental Activities                                | 58,245,950    | 3,701,480            | 9,734,290                          | 7,500                            | (44,802,680)  | -                        | (44,802,680)   |
| <b>Business-Type Activities:</b>                             |               |                      |                                    |                                  |   |                          |                |
| Water services   | 2,052,977     | 2,113,493            | -                                  | -                                | -   | 60,516                   | 60,516         |
| Total Business-Type Activities                               | 2,052,977     | 2,113,493            | -                                  | -                                | -   | 60,516                   | 60,516         |
| Total  | \$ 60,298,927 | \$ 5,814,973         | \$ 9,734,290                       | \$ 7,500                         | (44,802,680)  | 60,516                   | (44,742,164)   |
| <b>General Revenues and Transfers:</b>                       |               |                      |                                    |                                  |   |                          |                |
| Property taxes   |               |                      |                                    |                                  | 41,361,357  | -                        | 41,361,357     |
| Excises  |               |                      |                                    |                                  | 2,054,655   | -                        | 2,054,655      |
| Penalties, interest and other taxes                          |               |                      |                                    |                                  | 136,001   | -                        | 136,001        |
| Grants and contributions not restricted to specific programs |               |                      |                                    |                                  | 1,150,859   | -                        | 1,150,859      |
| Investment income  |               |                      |                                    |                                  | 360,674   | -                        | 360,674        |
| Miscellaneous  |               |                      |                                    |                                  | 422,843   | 789                      | 423,632        |
| Transfers, net   |               |                      |                                    |                                  | (330,166)   | -                        | (330,166)      |
| Total general revenues and transfers                         |               |                      |                                    |                                  | 45,156,223  | 789                      | 45,157,012     |
| Change in Net Position                                       |               |                      |                                    |                                  | 353,543   | 61,305                   | 414,848        |
| <b>Net Position:</b>   |               |                      |                                    |                                  |   |                          |                |
| Beginning of year  |               |                      |                                    |                                  | 66,846,687  | 8,446,715                | 75,293,402     |
| End of year  |               |                      |                                    |                                  | \$ 67,200,230                                       | \$ 8,508,020             | \$ 75,708,250  |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2016

|   | <u>General</u>       | <u>Community<br/>Preservation<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|--|--|---|
| <b>ASSETS</b>   |                      |  |  |   |
| Cash and short-term investments   | \$ 14,035,153        | \$ 4,820,051                               | \$ 6,175,221                               | \$ 25,030,425                           |
| Investments   | 77,563               | -  | 2,621,914                                  | 2,699,477                               |
| Receivables:  |                      |  |  |   |
| Property taxes  | 2,074,864            | -  | -  | 2,074,864                               |
| Excises   | 153,261              | -  | -  | 153,261                                 |
| Departmental and other  | 144,337              | 4,466                                      | -  | 148,803                                 |
| Intergovernmental   | 2,990                | -  | -  | 2,990                                   |
| Betterments not yet due   | -                    | -  | 34,367                                     | 34,367                                  |
| Other assets  | 600                  | -  | -  | 600                                     |
| <b>TOTAL ASSETS</b>   | <b>\$ 16,488,768</b> | <b>\$ 4,824,517</b>                        | <b>\$ 8,831,502</b>                        | <b>\$ 30,144,787</b>                    |
| <b>LIABILITIES</b>  |                      |  |  |   |
| Warrants payable  | \$ 1,093,860         | \$ 1,658                                   | \$ 282,192                                 | \$ 1,377,710                            |
| Tax refunds payable   | 346,689              | -  | -  | 346,689                                 |
| Prepaid user fees   | -                    | -  | 155,358                                    | 155,358                                 |
| Other liabilities   | 358,865              | -  | -  | 358,865                                 |
| <b>TOTAL LIABILITIES</b>  | <b>1,799,414</b>     | <b>1,658</b>                               | <b>437,550</b>                             | <b>2,238,622</b>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>2,162,523</b>     | <b>4,466</b>                               | <b>34,367</b>                              | <b>2,201,356</b>                        |
| <b>FUND BALANCES</b>  |                      |  |  |   |
| Nonspendable  | -                    | -  | 378,092                                    | 378,092                                 |
| Restricted  | 856,603              | -  | 7,987,290                                  | 8,843,893                               |
| Committed   | 3,257,901            | 4,818,393                                  | -  | 8,076,294                               |
| Assigned  | 1,598,931            | -  | -  | 1,598,931                               |
| Unassigned  | 6,813,396            | -  | (5,797)                                    | 6,807,599                               |
| <b>TOTAL FUND BALANCES</b>  | <b>12,526,831</b>    | <b>4,818,393</b>                           | <b>8,359,585</b>                           | <b>25,704,809</b>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 16,488,768</b> | <b>\$ 4,824,517</b>                        | <b>\$ 8,831,502</b>                        | <b>\$ 30,144,787</b>                    |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2016

|   |                             |
|---|-----------------------------|
| <b>Total governmental fund balances</b>   | \$ 25,704,809               |
| • Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 94,808,755                  |
| • Revenues are reported on the accrual basis of accounting and are not deferred until collection.   | 1,893,763                   |
| • Noncurrent assets, including MSBA reimbursements for contracted assistance projects, are not receivable in the current period and, therefore, are not reported in the governmental funds. | 4,596,066                   |
| • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.                                      | (182,962)                   |
| • Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.                                 | (42,195,133)                |
| • Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds.   | <u>(17,425,068)</u>         |
| <b>Net position of governmental activities</b>  | <u><u>\$ 67,200,230</u></u> |

The accompanying notes are an integral part of these financial statements.



## TOWN OF NORWELL, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>General</u>       | Community<br>Preservation<br><u>Fund</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|--|----------------------|--|--|---------------------------------------|
| <b>Revenues:</b>                                     |                      |  |  |                                       |
| Property taxes                                       | \$ 40,367,092        | \$ 995,451                               | \$ -                                     | \$ 41,362,543                         |
| Excises  | 2,098,707            | -  | -  | 2,098,707                             |
| Penalties, interest and other taxes                  | 136,001              | -  | -  | 136,001                               |
| Charges for services                                 | 1,100,962            | -  | 1,906,916                                | 3,007,878                             |
| Intergovernmental                                    | 5,259,093            | 338,909                                  | 1,710,186                                | 7,308,188                             |
| Licenses, permits, and fees                          | 670,575              | -  | -  | 670,575                               |
| Fines and forfeitures                                | 43,241               | -  | -  | 43,241                                |
| Investment income                                    | 147,162              | 30,879                                   | 182,632                                  | 360,673                               |
| Miscellaneous  | <u>353,312</u>       | <u>35,000</u>                            | <u>40,426</u>                            | <u>428,738</u>                        |
| Total Revenues                                       | 50,176,145           | 1,400,239                                | 3,840,160                                | 55,416,544                            |
| <b>Expenditures:</b>                                 |                      |  |  |                                       |
| Current:   |                      |  |  |                                       |
| General government                                   | 1,981,295            | 833,681                                  | 189,358                                  | 3,004,334                             |
| Public safety  | 5,702,655            | -  | 306,138                                  | 6,008,793                             |
| Education  | 24,851,064           | -  | 3,214,694                                | 28,065,758                            |
| Public works   | 1,757,939            | -  | 644,405                                  | 2,402,344                             |
| Health and human services                            | 1,407,003            | -  | 31,561                                   | 1,438,564                             |
| Culture and recreation                               | 665,962              | -  | 362,372                                  | 1,028,334                             |
| Employee benefits                                    | 7,514,150            | -  | -  | 7,514,150                             |
| Debt service   | 3,075,324            | -  | 7,444                                    | 3,082,768                             |
| Intergovernmental                                    | <u>1,169,710</u>     | <u>-</u>                                 | <u>-</u>                                 | <u>1,169,710</u>                      |
| Total Expenditures                                   | <u>48,125,102</u>    | <u>833,681</u>                           | <u>4,755,972</u>                         | <u>53,714,755</u>                     |
| Excess (deficiency) of revenues<br>over expenditures | 2,051,043            | 566,558                                  | (915,812)                                | 1,701,789                             |
| <b>Other Financing Sources (Uses):</b>               |                      |  |  |                                       |
| Proceeds of bonds                                    | -                    | -  | 3,800,000                                | 3,800,000                             |
| Transfers in   | 679,237              | -  | 500,000                                  | 1,179,237                             |
| Transfers out  | <u>(330,166)</u>     | <u>(500,000)</u>                         | <u>(679,237)</u>                         | <u>(1,509,403)</u>                    |
| Total Other Financing Sources (Uses)                 | <u>349,071</u>       | <u>(500,000)</u>                         | <u>3,620,763</u>                         | <u>3,469,834</u>                      |
| Change in fund balance                               | 2,400,114            | 66,558                                   | 2,704,951                                | 5,171,623                             |
| Fund Equity, at Beginning of Year                    | <u>10,126,717</u>    | <u>4,751,835</u>                         | <u>5,654,634</u>                         | <u>20,533,186</u>                     |
| Fund Equity, at End of Year                          | <u>\$ 12,526,831</u> | <u>\$ 4,818,393</u>                      | <u>\$ 8,359,585</u>                      | <u>\$ 25,704,809</u>                  |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2016

|  |                          |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|--|--------------------------|-----------|----------------------|---------|--------------|-------------|--|----------|--|-----------|------------------|-------------|--------------------|-----------|--|----------|--|-------------|--|------------------|--|
| <b>Net changes in fund balances - total governmental funds</b>   | <b>\$ 5,171,623</b>      |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| <ul style="list-style-type: none"> <li>• 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: <table> <tr> <td style="padding-left: 20px;">Capital outlay purchases</td> <td style="text-align: right;">2,824,657</td> </tr> <tr> <td style="padding-left: 20px;">Capital dispositions</td> <td style="text-align: right;">(5,894)</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(2,857,747)</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred 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 deferred revenue. <table> <tr> <td></td> <td style="text-align: right;">(40,871)</td> </tr> </table> </li> <li>• Some revenues reported in the Statement of Activities, such as MSBA reimbursements for contracted assistance, do not provide current financial resources and therefore, are not reported as revenues in the governmental funds. <table> <tr> <td></td> <td style="text-align: right;">(656,581)</td> </tr> </table> </li> <li>• 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: <table> <tr> <td style="padding-left: 20px;">Issuance of debt</td> <td style="text-align: right;">(3,800,000)</td> </tr> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">2,367,878</td> </tr> </table> </li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table> <tr> <td></td> <td style="text-align: right;">(11,036)</td> </tr> </table> </li> <li>• Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table> <tr> <td></td> <td style="text-align: right;">(2,418,762)</td> </tr> </table> </li> <li>• Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds. <table> <tr> <td></td> <td style="text-align: right;"><u>(219,724)</u></td> </tr> </table> </li> </ul> | Capital outlay purchases | 2,824,657 | Capital dispositions | (5,894) | Depreciation | (2,857,747) |  | (40,871) |  | (656,581) | Issuance of debt | (3,800,000) | Repayments of debt | 2,367,878 |  | (11,036) |  | (2,418,762) |  | <u>(219,724)</u> |  |
| Capital outlay purchases   | 2,824,657                |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| Capital dispositions   | (5,894)                  |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| Depreciation   | (2,857,747)              |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|  | (40,871)                 |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|  | (656,581)                |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| Issuance of debt   | (3,800,000)              |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| Repayments of debt   | 2,367,878                |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|  | (11,036)                 |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|  | (2,418,762)              |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
|  | <u>(219,724)</u>         |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |
| <b>Change in net position of governmental activities</b>   | <b>\$ <u>353,543</u></b> |           |                      |         |              |             |  |          |  |           |                  |             |                    |           |  |          |  |             |  |                  |  |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

|  | <u>Budgeted Amounts</u>    |                         |                           | Variance with                          |
|--|----------------------------|-------------------------|---------------------------|--|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues and Other Sources:</b>   |                            |                         |                           |  |
| Taxes  | \$ 39,210,776              | \$ 39,210,776           | \$ 39,210,776             | \$ -                                   |
| Excises  | 1,525,336                  | 1,525,336               | 2,098,707                 | 573,371                                |
| Penalties, interest and other taxes  | 121,544                    | 121,544                 | 136,001                   | 14,457                                 |
| Charges for services   | 1,014,592                  | 1,014,592               | 1,100,962                 | 86,370                                 |
| Intergovernmental  | 5,134,476                  | 5,134,476               | 5,259,093                 | 124,617                                |
| Licenses, permits, and fees  | 681,198                    | 681,198                 | 670,575                   | (10,623)                               |
| Fines and forfeits   | 40,910                     | 40,910                  | 43,241                    | 2,331                                  |
| Investment income  | 55,939                     | 55,939                  | 80,033                    | 24,094                                 |
| Miscellaneous  | 102,171                    | 102,171                 | 143,146                   | 40,975                                 |
| Transfers in   | 792,681                    | 792,681                 | 792,681                   | -                                      |
| Other sources  |                            |                         |                           |  |
| Fund balance reserved for excluded debt  | 118,514                    | 118,514                 | 118,514                   | -                                      |
| Use of free cash   | 816,167                    | 1,058,360               | 1,058,360                 | -                                      |
| Use of overlay surplus   | <u>504,000</u>             | <u>504,000</u>          | <u>504,000</u>            | <u>-</u>                               |
| Total Revenues and Other Sources   | 50,118,304                 | 50,360,497              | 51,216,089                | 855,592                                |
| <b>Expenditures and Other Uses:</b>  |                            |                         |                           |  |
| General government   | 2,352,983                  | 2,156,187               | 1,945,568                 | 210,619                                |
| Public safety  | 5,729,687                  | 5,804,443               | 5,737,272                 | 67,171                                 |
| Education  | 24,811,305                 | 24,811,305              | 24,810,879                | 426                                    |
| Public works   | 2,727,217                  | 2,963,413               | 2,648,871                 | 314,542                                |
| Health and human services  | 1,343,323                  | 1,424,849               | 1,377,543                 | 47,306                                 |
| Culture and recreation   | 677,055                    | 677,066                 | 666,229                   | 10,837                                 |
| Debt service   | 3,387,324                  | 3,387,324               | 3,387,324                 | -                                      |
| Intergovernmental  | 1,170,816                  | 1,170,816               | 1,169,710                 | 1,106                                  |
| Employee benefits  | 7,698,594                  | 7,745,094               | 7,471,992                 | 273,102                                |
| Other uses:  |                            |                         |                           |  |
| Transfer out   | <u>220,000</u>             | <u>220,000</u>          | <u>220,000</u>            | <u>-</u>                               |
| Total Expenditures and Other Uses  | <u>50,118,304</u>          | <u>50,360,497</u>       | <u>49,435,388</u>         | <u>925,109</u>                         |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | \$ <u>-</u>                | \$ <u>-</u>             | \$ <u>1,780,701</u>       | \$ <u>1,780,701</u>                    |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2016

|  | Business-Type Activities<br>Enterprise Funds<br>Water<br>Fund |
|--|---|
| <b>ASSETS</b>  |   |
| Current:   |   |
| Cash and short-term investments                            | \$ 2,461,007  |
| User fees, net of allowance for uncollectibles             | <u>858,920</u>  |
| Total current assets                                       | 3,319,927   |
| Noncurrent:  |   |
| Capital assets   |   |
| Land and construction in progress                          | 442,751   |
| Other capital assets, net of accumulated depreciation      | <u>10,538,553</u>   |
| Total noncurrent assets                                    | 10,981,304  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                      | <u>256,824</u>  |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>     | 14,558,055  |
| <b>LIABILITIES</b>   |   |
| Current:   |   |
| Warrants payable   | 38,014  |
| Accrued liabilities  | 14,390  |
| Bonds payable  | 245,000   |
| Compensated absences                                       | <u>4,001</u>  |
| Total current liabilities                                  | 301,405   |
| Noncurrent:  |   |
| Bonds payable, net of current portion                      | 1,415,000   |
| Compensated absences, net of current portion               | 76,021  |
| Accrued other postemployment benefits                      | 2,064,667   |
| Net pension liability                                      | <u>2,180,855</u>  |
| Total noncurrent liabilities                               | 5,736,543   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                       | <u>12,087</u>   |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b> | 6,050,035   |
| <b>NET POSITION</b>  |   |
| Net investment in capital assets                           | 9,605,608   |
| Unrestricted   | <u>(1,097,588)</u>  |
| <b>TOTAL NET POSITION</b>                                  | <u>\$ 8,508,020</u>   |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

|  | Business-Type Activities<br><u>Enterprise Funds</u> |
|--|---|
|  | <u>Water<br/>Fund</u>                               |
| <b>Operating Revenues:</b>               |   |
| Charges for services                     | \$ 2,113,493  |
| Other                                    | <u>789</u>  |
| Total Operating Revenues                 | 2,114,282   |
| <b>Operating Expenses:</b>               |   |
| Operating expenses                       | 1,619,009   |
| Depreciation                             | <u>378,816</u>                                      |
| Total Operating Expenses                 | <u>1,997,825</u>                                    |
| Operating Income                         | 116,457   |
| <b>Nonoperating Revenues (Expenses):</b> |   |
| Interest expense                         | <u>(55,152)</u>                                     |
| Change in Net Position                   | 61,305  |
| Net Position at Beginning of Year        | <u>8,446,715</u>                                    |
| Net Position at End of Year              | <u>\$ 8,508,020</u>                                 |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Business-Type Activities<br><u>Enterprise Funds</u> |
|---|---|
|   | <u>Water<br/>Fund</u>                               |
| <b><u>Cash Flows From Operating Activities:</u></b>   |   |
| Receipts from customers and users   | \$ 2,027,550  |
| Payments to vendors and employees   | <u>(1,406,020)</u>                                  |
| Net Cash Provided By Operating Activities   | 621,530   |
| <b><u>Cash Flows From Capital and Related Financing Activities:</u></b>                                       |   |
| Acquisition and construction of capital assets  | (59,073)  |
| Principal payments on bonds and notes   | (255,000)   |
| Interest expense  | <u>(55,152)</u>                                     |
| Net Cash (Used For) Capital and Related Financing Activities  | <u>(369,225)</u>                                    |
| Net Change in Cash and Short-Term Investments   | 252,305   |
| Cash and Short-Term Investments, Beginning of Year  | <u>2,208,702</u>                                    |
| Cash and Short-Term Investments, End of Year  | <u><u>\$ 2,461,007</u></u>                          |
| <b><u>Reconciliation of Operating Income to Net Cash<br/>Provided by (Used For) Operating Activities:</u></b> |   |
| Operating income  | \$ 116,457  |
| Adjustments to reconcile operating income (loss) to net<br>cash provided by (used for) operating activities:  |   |
| Depreciation  | 378,816   |
| Changes in assets and liabilities:  |   |
| User fees   | (86,732)  |
| Deferred outflows   | (164,136)   |
| Warrants and accounts payable   | (64,963)  |
| Accrued liabilities   | 118   |
| Accrued other postemployment benefits   | 253,421   |
| Deferred inflows  | 12,087  |
| Net pension liability   | <u>176,462</u>                                      |
| Net Cash Provided By Operating Activities   | <u><u>\$ 621,530</u></u>                            |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2016

|   | Private<br>Purpose<br>Trust<br><u>Funds</u> | Other<br>Post-Employment<br>Benefits Trust<br><u>Fund</u> | Agency<br><u>Funds</u> |
|---|---|---|------------------------|
| <b><u>ASSETS</u></b>                    |   |   |                        |
| Cash and short-term investments         | \$ 7,112                                    | \$ -  | \$ 595,022             |
| Investments                             | 104,054                                     | 1,904,220   | -                      |
| Accounts receivable                     | -   | -   | 69,474                 |
| <b>TOTAL ASSETS</b>                     | <b>111,166</b>                              | <b>1,904,220</b>  | <b>664,496</b>         |
| <br><b><u>LIABILITIES</u></b>           |   |   |                        |
| Accounts payable                        | -   | -   | 2,403                  |
| Other liabilities                       | -   | -   | 662,093                |
| <b>TOTAL LIABILITIES</b>                | <b>-</b>                                    | <b>-</b>  | <b>664,496</b>         |
| <br><b><u>NET POSITION</u></b>          |   |   |                        |
| <b>TOTAL NET POSITION HELD IN TRUST</b> | <b>\$ <u>111,166</u></b>                    | <b>\$ <u>1,904,220</u></b>                                | <b>\$ <u>-</u></b>     |

The accompanying notes are an integral part of these financial statements.

TOWN OF NORWELL, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

|                      | Private<br>Purpose<br><u>Funds</u> | Other<br>Post-Employment<br>Benefits Trust<br><u>Fund</u> |
|----------------------|------------------------------------|---|
| <b>Additions:</b>    |                                    |   |
| Contributions        | \$ 2,500                           | \$ -  |
| Investment income    | 7,138                              | 67,852  |
| Transfers in         | <u>-</u>                           | <u>330,166</u>  |
| Total additions      | 9,638                              | 398,018   |
| <b>Deductions:</b>   |                                    |   |
| Education            | <u>9,550</u>                       | <u>-</u>  |
| Total deductions     | <u>9,550</u>                       | <u>-</u>  |
| Net (decrease)       | 88                                 | 398,018   |
| <b>Net position:</b> |                                    |   |
| Beginning of year    | <u>111,078</u>                     | <u>1,506,202</u>  |
| End of year          | <u>\$ 111,166</u>                  | <u>\$ 1,904,220</u>                                       |

The accompanying notes are an integral part of these financial statements.



# TOWN OF NORWELL, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Norwell (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2016, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

#### B. Government-wide and Fund Financial Statements

##### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

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*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *community preservation fund* accounts for the acquisition, creation, and preservation of open space, historic resources, and community housing.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Town reports the one major proprietary fund for water operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *other post-employment benefits trust fund* is used to account for assets that are dedicated to providing benefits to retirees. These funds reduce the unfunded actuarial liability of healthcare and other post-employment benefits. Contributions to this fund are irrevocable.

The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

#### E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund

investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

*F. Property Tax Limitations*

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2016 tax levy reflected an excess capacity of \$8,700.

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 40           |
| Building improvements | 20           |
| Infrastructure        | 30 - 75      |
| Vehicles              | 5            |
| Office equipment      | 5            |
| Computer equipment    | 5            |

*H. Compensated Absences*

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued

when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

*Net Position* - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. *Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 fiscal year. Actual results could vary from estimates that were used.

**2. Stewardship, Compliance, and Accountability**

A. *Budgetary Information*

At the annual town meeting, the Advisory Board presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. The legal spending limit mirrors the way the budget is voted at town meeting. Typically, each department is limited by two categories, salaries and expenses. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

*C. Budget/GAAP Reconciliation*

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

| <u>General Fund</u>  | <u>Revenues<br/>and Other<br/>Financing Sources</u> | <u>Expenditures<br/>and Other<br/>Financing Uses</u> |
|--|---|--|
| Revenues/Expenditures<br>(GAAP basis)                                | \$ 50,176,145                                       | \$ 48,125,102  |
| Other financing sources/uses<br>(GAAP basis)                         | <u>679,237</u>                                      | <u>330,166</u>                                       |
| Subtotal (GAAP Basis)  | 50,855,382  | 48,455,268   |
| Adjust tax revenue to accrual basis                                  | (1,156,316)   | -  |
| To reverse expenditures of prior<br>year appropriation carryforwards | -   | (1,278,443)  |
| To book current year appropriation<br>carryforwards                  | -   | 2,255,285  |
| To remove unbudgeted stabilization<br>fund                           | (67,129)  | 100,000  |
| To record use of designated<br>fund balance                          | 118,514   | -  |
| To record use of free cash   | 1,058,360   | -  |
| To record use of overlay surplus                                     | 504,000   | -  |
| Other timing issues  | <u>(96,722)</u>                                     | <u>(96,722)</u>                                      |
| Budgetary basis  | <u>\$ 51,216,089</u>                                | <u>\$ 49,435,388</u>                                 |

*D. Deficit Fund Equity/Excess Expenditures Over Appropriations*

The following funds reflected deficit balances as of June 30, 2016:

|                                     |                   |
|-------------------------------------|-------------------|
| Special Revenue School Grants Fund: |                   |
| Title II Teacher Quality            | \$ (1,706)        |
| Title I                             | <u>(4,091)</u>    |
| Total                               | \$ <u>(5,797)</u> |

The Treasurer expenses exceeded the appropriation by \$(1,271).

**3. Cash and Short-Term Investments**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

As of June 30, 2016, \$7,525,946 of the Town's bank balance of \$28,706,067 was exposed to custodial credit risk as uninsured or uncollateralized.

**4. Investments**

*A. Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).



Presented below (in thousands) is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

| <u>Investment Type</u>    | <u>Fair Value</u> | <u>Minimum Legal Rating</u> | <u>Exempt From Disclosure</u> | <u>Rating as of Year End</u> |             |               |
|---------------------------|-------------------|-----------------------------|-------------------------------|------------------------------|-------------|---------------|
|                           |                   |                             |                               | <u>AAA</u>                   | <u>A</u>    | <u>BAA</u>    |
| Corporate bonds           | \$ 202            | N/A                         | \$ -                          | \$ -                         | \$ -        | \$ 202        |
| Equities                  | 855               | N/A                         | 855                           | -                            | -           | -             |
| Mutual funds              | 2,101             | N/A                         | 2,101                         | -                            | -           | -             |
| Federal agency securities | <u>1,550</u>      | N/A                         | <u>-</u>                      | <u>1,550</u>                 | <u>-</u>    | <u>-</u>      |
| Total investments         | <u>\$ 4,708</u>   |                             | <u>\$ 2,956</u>               | <u>\$ 1,550</u>              | <u>\$ -</u> | <u>\$ 202</u> |

**B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

All of the Town's investments of \$4,707,751 are exposed to custodial credit risk because the related securities are uninsured, unregistered and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC, excess SIPC, and by maintaining investments in the Town's name.

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

| <u>Investment Issuer</u>        | <u>Amount</u>     | <u>% of Total Investments</u> |
|---------------------------------|-------------------|-------------------------------|
| Federal Home Loan Mortgage Corp | \$ <u>719,920</u> | 15%                           |
| Total                           | \$ <u>719,920</u> |                               |

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows (in thousands):

| Investment Type           | Fair Value | Investment Maturities<br>(in Years) |          |        |
|---------------------------|------------|-------------------------------------|----------|--------|
|                           |            | Less Than 1                         | 1-5      | 6-10   |
| Debt Related Securities:  |            |                                     |          |        |
| Corporate bonds           | \$ 202     | \$ 101                              | \$ 101   | \$ -   |
| Federal agency securities | 1,550      | -                                   | 1,199    | 351    |
| Total                     | \$ 1,752   | \$ 101                              | \$ 1,300 | \$ 351 |

**E. Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**F. Fair Value**

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value 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 fair value measurements as of June 30, 2016:

| Description                      | Fair Value Measurements Using:                                 |   |   |
|----------------------------------|--|---|---|
|                                  | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Investments by fair value level: |  |   |   |
| Debt securities                  |  |   |   |
| Federal agency securities        | \$ 1,550   | \$ -                                    | \$ 1,550                                  |
| Corporate bonds                  | 202  | -                                       | 202                                       |
| Equity securities                | 855  | 855                                     | -   |
| Mutual funds                     | 2,101  | 2,101                                   | -   |
| Total                            | \$ 4,708   | \$ 2,956                                | \$ 1,752                                  |

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are

not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2016 consist of the following (in thousands):

|                   |    |          |                     |
|-------------------|----|----------|---------------------|
| Real Estate       |    |          |                     |
| 2016              | \$ | 339      |                     |
| 2015              |    | 8        |                     |
| Prior             |    | <u>2</u> |                     |
|                   |    |          | 349                 |
| Personal Property |    |          |                     |
| 2016              |    | 16       |                     |
| 2015              |    | 12       |                     |
| 2014              |    | 12       |                     |
| Prior             |    | 15       |                     |
|                   |    |          | 55                  |
| Tax Liens         |    |          | 1,535               |
| Deferred Taxes    |    |          | <u>136</u>          |
| Total             | \$ |          | <u><u>2,075</u></u> |

## 6. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

|                | <u>Governmental</u> |
|----------------|---------------------|
| Property taxes | \$ 218              |
| Excises        | \$ 71               |
| Other          | \$ 19               |

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2016.

## 8. Interfund Transfers

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers

presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2016:

|                                     | <u>Transfers In</u> | <u>Transfers Out</u>  | <u>Net</u>     |
|-------------------------------------|---------------------|-----------------------|----------------|
| Governmental Funds:                 |                     |                       |                |
| Major Funds:                        |                     |                       |                |
| General fund                        | \$ 679,237          | \$ (330,166)          | \$ 349,071     |
| Community preservation              | -                   | (500,000)             | (500,000)      |
| Nonmajor Funds:                     |                     |                       |                |
| Other special revenue funds         | -                   | (310,681)             | (310,681)      |
| Road repair capital project         | -                   | (368,556)             | (368,556)      |
| Community housing trust             | 500,000             | -                     | 500,000        |
| Fiduciary Funds:                    |                     |                       |                |
| Other post-employment benefit trust | <u>330,166</u>      | <u>-</u>              | <u>330,166</u> |
| Total                               | <u>\$ 1,509,403</u> | <u>\$ (1,509,403)</u> | <u>\$ -</u>    |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

## 9. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows (in thousands):

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>              |                              |                  |                  |                           |
| Capital assets, being depreciated:           |                              |                  |                  |                           |
| Buildings and improvements                   | \$ 77,040                    | \$ 459           | \$ -             | \$ 77,499                 |
| Machinery, equipment, and furnishings        | 8,308                        | 884              | (82)             | 9,110                     |
| Infrastructure                               | <u>26,098</u>                | <u>241</u>       | <u>-</u>         | <u>26,339</u>             |
| Total capital assets, being depreciated      | 111,446                      | 1,584            | (82)             | 112,948                   |
| Less accumulated depreciation for:           |                              |                  |                  |                           |
| Buildings and improvements                   | (26,527)                     | (1,594)          | -                | (28,121)                  |
| Machinery, equipment, and furnishings        | (6,442)                      | (459)            | 76               | (6,825)                   |
| Infrastructure                               | <u>(16,736)</u>              | <u>(804)</u>     | <u>-</u>         | <u>(17,540)</u>           |
| Total accumulated depreciation               | <u>(49,705)</u>              | <u>(2,857)</u>   | <u>76</u>        | <u>(52,486)</u>           |
| Total capital assets, being depreciated, net | 61,741                       | (1,273)          | (6)              | 60,462                    |
| Capital assets, not being depreciated:       |                              |                  |                  |                           |
| Land   | 30,360                       | -                | -                | 30,360                    |
| Construction in progress                     | <u>2,747</u>                 | <u>1,240</u>     | <u>-</u>         | <u>3,987</u>              |
| Total capital assets, not being depreciated  | <u>33,107</u>                | <u>1,240</u>     | <u>-</u>         | <u>34,347</u>             |
| Governmental activities capital assets, net  | <u>\$ 94,848</u>             | <u>\$ (33)</u>   | <u>\$ (6)</u>    | <u>\$ 94,809</u>          |

|  | Beginning<br><u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending<br><u>Balance</u> |
|--|-----------------------------|------------------|------------------|--------------------------|
| <b>Business-Type Activities:</b>             |                             |                  |                  |                          |
| Capital assets, being depreciated:           |                             |                  |                  |                          |
| Buildings and improvements                   | \$ 7,571                    | \$ -             | \$ -             | \$ 7,571                 |
| Machinery, equipment, and furnishings        | 1,684                       | -                | -                | 1,684                    |
| Infrastructure                               | <u>11,185</u>               | <u>59</u>        | <u>-</u>         | <u>11,244</u>            |
| Total capital assets, being depreciated      | 20,440                      | 59               | -                | 20,499                   |
| Less accumulated depreciation for:           |                             |                  |                  |                          |
| Buildings and improvements                   | (3,345)                     | (153)            | -                | (3,498)                  |
| Machinery, equipment, and furnishings        | (1,481)                     | (32)             | -                | (1,513)                  |
| Infrastructure                               | <u>(4,756)</u>              | <u>(194)</u>     | <u>-</u>         | <u>(4,950)</u>           |
| Total accumulated depreciation               | <u>(9,582)</u>              | <u>(379)</u>     | <u>-</u>         | <u>(9,961)</u>           |
| Total capital assets, being depreciated, net | 10,858                      | (320)            | -                | 10,538                   |
| Capital assets, not being depreciated:       |                             |                  |                  |                          |
| Land   | <u>443</u>                  | <u>-</u>         | <u>-</u>         | <u>443</u>               |
| Total capital assets, not being depreciated  | <u>443</u>                  | <u>-</u>         | <u>-</u>         | <u>443</u>               |
| Business-type activities capital assets, net | <u>\$ 11,301</u>            | <u>\$ (320)</u>  | <u>\$ -</u>      | <u>\$ 10,981</u>         |

Depreciation expense was charged to functions of the Town as follows (in thousands):

|   |                 |
|---|-----------------|
| <b>Governmental Activities:</b>                       |                 |
| General government                                    | \$ 265          |
| Public safety   | 319             |
| Education   | 1,420           |
| Public works  | 764             |
| Health and human services                             | 14              |
| Culture and recreation                                | <u>75</u>       |
| Total depreciation expense - governmental activities  | <u>\$ 2,857</u> |
| <b>Business-Type Activities:</b>                      |                 |
| Water   | <u>\$ 379</u>   |
| Total depreciation expense - business-type activities | <u>\$ 379</u>   |

## 10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2016 (in thousands):

|   | Entity-wide Basis                 |                                    |
|---|-----------------------------------|------------------------------------|
|   | Governmental<br><u>Activities</u> | Business-type<br><u>Activities</u> |
| Pension related:  |                                   |                                    |
| Net difference between projected and actual pension investment earnings | \$ 2,311,418                      | \$ 256,824                         |

**11. Warrants Payable**

Warrants payable represent 2016 expenditures paid by July 15, 2016.

**12. Tax Refunds Payable**

This balance consists of an estimate of refunds due to property taxpayers for potential abatements. These cases are currently pending with the state Appellate Tax Board.

**13. Long-Term Debt**

*A. General Obligation Bonds*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

| <u>Governmental Activities:</u> | Serial<br>Maturities<br><u>Through</u> | Interest<br>Rate(s) % | Amount<br>Outstanding<br>as of<br><u>6/30/16</u> |
|---------------------------------|--|-----------------------|--|
| School                          | 11/15/22                               | 3.54%                 | \$ 105,000                                       |
| School                          | 11/15/22                               | 5.70%                 | 6,055,000  |
| MWPAT                           | 08/01/22                               | 0.00%                 | 21,646   |
| Town Hall remodeling            | 04/10/17                               | 4.95%                 | 15,000   |
| Fire truck                      | 04/10/17                               | 4.95%                 | 30,000   |
| Stormwater                      | 07/15/17                               | 2.00%                 | 62,725   |
| Septic                          | 07/15/27                               | 0.00%                 | 41,898   |
| Council on Aging building       | 10/01/20                               | 1.50%                 | 150,000  |
| Refunding                       | 04/15/25                               | 1.25%                 | 5,455,000  |
| MWPAT 97-1051-B                 | 07/15/33                               | 0.00%                 | 14,977   |
| General Obligation Bond of 2014 | 03/15/34                               | 2.76%                 | 5,455,000  |
| General Obligation Bond of 2016 | 06/30/31                               | 2.00%                 | 3,800,000  |
| Total Governmental Activities:  |  |                       | <u>\$ 21,206,246</u>                             |

| <u>Business-Type Activities:</u> | Serial<br>Maturities<br>Through | Interest<br>Rate(s) % | Amount<br>Outstanding<br>as of<br>6/30/16 |
|----------------------------------|---------------------------------|-----------------------|---|
| Pumping station                  | 10/15/16                        | 4.00%                 | \$ 65,000                                 |
| Water engineering                | 10/15/16                        | 4.00%                 | 25,000                                    |
| Water                            | 10/01/20                        | 1.50%                 | 450,000                                   |
| General Obligation Bond of 2014  | 03/15/34                        | 2.76%                 | <u>1,120,000</u>                          |
| Total Business-Type Activities:  |                                 |                       | <u>\$ 1,660,000</u>                       |

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2016 are as follows:

| <u>Governmental</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|---------------------|----------------------|---------------------|----------------------|
| 2017                | \$ 2,468,493         | \$ 722,946          | \$ 3,191,439         |
| 2018                | 2,404,120            | 622,941             | 3,027,061            |
| 2019                | 2,197,444            | 531,212             | 2,728,656            |
| 2020                | 2,092,444            | 439,987             | 2,532,431            |
| 2021                | 2,082,444            | 361,437             | 2,443,881            |
| 2022 - 2026         | 6,448,150            | 909,834             | 7,357,984            |
| 2027 - 2031         | 2,611,389            | 365,250             | 2,976,639            |
| Thereafter          | <u>901,762</u>       | <u>107,420</u>      | <u>1,009,182</u>     |
| Total               | <u>\$ 21,206,246</u> | <u>\$ 4,061,027</u> | <u>\$ 25,267,273</u> |

| <u>Business-Type</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|----------------------|---------------------|-------------------|---------------------|
| 2017                 | \$ 245,000          | \$ 49,338         | \$ 294,338          |
| 2018                 | 155,000             | 43,563            | 198,563             |
| 2019                 | 155,000             | 38,825            | 193,825             |
| 2020                 | 155,000             | 33,750            | 188,750             |
| 2021                 | 155,000             | 29,100            | 184,100             |
| 2022 - 2026          | 315,000             | 109,650           | 424,650             |
| 2027 - 2031          | 300,000             | 61,500            | 361,500             |
| Thereafter           | <u>180,000</u>      | <u>12,600</u>     | <u>192,600</u>      |
| Total                | <u>\$ 1,660,000</u> | <u>\$ 378,326</u> | <u>\$ 2,038,326</u> |

**C. Changes in General Long-Term Liabilities**

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

|  | Total<br>Balance<br>7/1/15 | Additions       | Reductions        | Total<br>Balance<br>6/30/16 | Less<br>Current<br>Portion | Equals<br>Long-Term<br>6/30/16 |
|--|----------------------------|-----------------|-------------------|-----------------------------|----------------------------|--------------------------------|
| <u>Governmental Activities</u>         |                            |                 |                   |                             |                            |                                |
| Bonds payable                          | \$ 19,774                  | \$ 3,800        | \$ (2,368)        | \$ 21,206                   | \$ (2,468)                 | \$ 18,738                      |
| Other:                                 |                            |                 |                   |                             |                            |                                |
| Accrued employee benefits              | 2,269                      | 251             | (113)             | 2,407                       | (120)                      | 2,287                          |
| Accrued other post-employment benefits | 16,301                     | 4,075           | (1,794)           | 18,582                      | -                          | 18,582                         |
| Net pension liability                  | 18,040                     | 1,588           | -                 | 19,628                      | -                          | 19,628                         |
| Totals                                 | \$ <u>56,384</u>           | \$ <u>9,714</u> | \$ <u>(4,275)</u> | \$ <u>61,823</u>            | \$ <u>(2,588)</u>          | \$ <u>59,235</u>               |
| <u>Business-Type Activities</u>        |                            |                 |                   |                             |                            |                                |
| Bonds payable                          | \$ 1,915                   | \$ -            | \$ (255)          | \$ 1,660                    | \$ (245)                   | \$ 1,415                       |
| Other:                                 |                            |                 |                   |                             |                            |                                |
| Accrued employee benefits              | 78                         | 6               | (4)               | 80                          | (4)                        | 76                             |
| Accrued other post-employment benefits | 1,811                      | 452             | (199)             | 2,064                       | -                          | 2,064                          |
| Net pension liability                  | 2,004                      | 176             | -                 | 2,180                       | -                          | 2,180                          |
| Totals                                 | \$ <u>5,808</u>            | \$ <u>634</u>   | \$ <u>(458)</u>   | \$ <u>5,984</u>             | \$ <u>(249)</u>            | \$ <u>5,735</u>                |

**14. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2016:

|  | Governmental<br>Activities | Business-type<br>Activities | Governmental Funds |          |           |
|--|----------------------------|-----------------------------|--------------------|----------|-----------|
|  |                            |                             | General Fund       | CPA      | Nonmajor  |
| Unavailable revenues   | \$ -                       | \$ -                        | \$ 2,162,523       | \$ 4,466 | \$ 34,367 |
| Pension related:   |                            |                             |                    |          |           |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$ 108,783                 | \$ 12,087                   | \$ -               | \$ -     | -         |

**15. Restricted Net Position**

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.



Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

## **16. Governmental Funds - Balances**

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2016:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, stabilization funds (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2016:

|                               | General<br>Fund | CPA<br>Fund  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------|-----------------|--------------|-----------------------------------|--------------------------------|
| <b>Nonspendable</b>           |                 |              |                                   |                                |
| Nonexpendable permanent funds | \$ -            | \$ -         | \$ 378,092                        | \$ 378,092                     |
| Total Nonspendable            | -               | -            | 378,092                           | 378,092                        |
| <b>Restricted</b>             |                 |              |                                   |                                |
| Bonded projects               | -               | -            | 2,778,317                         | 2,778,317                      |
| Special revenue funds         | -               | -            | 4,198,379                         | 4,198,379                      |
| Reserve for excluded debt     | 856,603         | -            | -                                 | 856,603                        |
| Expendable permanent funds    | -               | -            | 1,010,594                         | 1,010,594                      |
| Total Restricted              | 856,603         | -            | 7,987,290                         | 8,843,893                      |
| <b>Committed</b>              |                 |              |                                   |                                |
| For continued appropriations: |                 |              |                                   |                                |
| General government            | 186,250         | -            | -                                 | 186,250                        |
| Public safety                 | 37,762          | -            | -                                 | 37,762                         |
| Education                     | 20,303          | -            | -                                 | 20,303                         |
| Public works                  | 1,897,760       | -            | -                                 | 1,897,760                      |
| Health and human services     | 24,779          | -            | -                                 | 24,779                         |
| Athletic field stabilization  | 84,583          | -            | -                                 | 84,583                         |
| Capital stabilization         | 1,006,464       | -            | -                                 | 1,006,464                      |
| Community preservation        | -               | 4,818,393    | -                                 | 4,818,393                      |
| Total Committed               | 3,257,901       | 4,818,393    | -                                 | 8,076,294                      |
| <b>Assigned</b>               |                 |              |                                   |                                |
| For encumbrances:             |                 |              |                                   |                                |
| General government            | 8,582           | -            | -                                 | 8,582                          |
| Public safety                 | 3,713           | -            | -                                 | 3,713                          |
| Education                     | 35,606          | -            | -                                 | 35,606                         |
| Public works                  | 23,398          | -            | -                                 | 23,398                         |
| Culture and recreation        | 269             | -            | -                                 | 269                            |
| Employee benefits             | 16,863          | -            | -                                 | 16,863                         |
| Reserved for expenditures     | 1,510,500       | -            | -                                 | 1,510,500                      |
| Total Assigned                | 1,598,931       | -            | -                                 | 1,598,931                      |
| <b>Unassigned</b>             |                 |              |                                   |                                |
| Special revenue               | -               | -            | (5,797)                           | (5,797)                        |
| General stabilization         | 1,741,976       | -            | -                                 | 1,741,976                      |
| General fund                  | 5,071,420       | -            | -                                 | 5,071,420                      |
| Total Unassigned              | 6,813,396       | -            | (5,797)                           | 6,807,599                      |
| Total Fund Balance            | \$ 12,526,831   | \$ 4,818,393 | \$ 8,359,585                      | \$ 25,704,809                  |

## 17. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS). The following paragraphs summarize the major differences.

The accompanying financial statements include an estimate for future potential tax refunds, which is not recognized under UMAS. The following summarizes

the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

|                          |                     |
|--------------------------|---------------------|
| GAAP basis balance       | \$ 6,813,396        |
| Stabilization fund       | (1,741,976)         |
| Tax refund estimate      | <u>346,689</u>      |
| Statutory (UMAS) Balance | <u>\$ 5,418,109</u> |

**18. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town’s management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**19. Post-Employment Healthcare and Life Insurance Benefits**

**Other Post-Employment Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

**A. Plan Description**

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town’s plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2016, the actuarial valuation date, approximately 348 retirees and 431 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

*B. Benefits Provided*

The Town provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

*C. Funding Policy*

Retirees pay a variable portion of their health plan costs, which varies by plan. The Town contributes the remainder of the health plan costs on a partial prefunding basis.

*D. Annual OPEB Costs and Net OPEB Obligation*

The Town's fiscal 2016 annual OPEB 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2016.

|   |    |                          |
|---|----|--------------------------|
| Annual Required Contribution (ARC)      | \$ | 4,313,840                |
| Interest on net OPEB obligation         |    | 905,623                  |
| Adjustment to ARC                       |    | <u>(691,240)</u>         |
| Annual OPEB cost                        |    | 4,528,223                |
| Contributions made                      |    | <u>(1,994,006)</u>       |
| Increase in net OPEB obligation         |    | 2,534,217                |
| Net OPEB obligation - beginning of year |    | <u>18,112,466</u>        |
| Net OPEB obligation - end of year       | \$ | <u><u>20,646,683</u></u> |

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

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|--|----------------------------|
| 2016                     | \$ 4,528,223            | 44%  | \$ 20,646,683              |
| 2015                     | \$ 4,662,110            | 48%  | \$ 18,112,466              |
| 2014                     | \$ 4,208,496            | 37%  | \$ 15,705,200              |

The Town's net OPEB obligation as of June 30, 2016 is recorded as a component of the "other long-term liabilities" line item.

*E. Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2016, the date of the most recent actuarial valuation, was as follows:

|   |                      |
|---|----------------------|
| Actuarial accrued liability (AAL)                 | \$ 58,962,419        |
| Less actuarial value of plan assets               | <u>(1,904,221)</u>   |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 57,058,198</u> |
| Funded ratio (actuarial value of plan assets/AAL) | <u>3.23%</u>         |
| Covered payroll (active plan members)             | <u>\$ 28,555,614</u> |
| UAAL as a percentage of covered payroll           | <u>199.8%</u>        |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included 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 Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town 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 Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 5% investment rate of return and an initial annual healthcare cost trend rate of 6%, which decreases to a 4.5% long-term rate for all healthcare benefits after 3 years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.0%.

## 20. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

### A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Plymouth County Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publically available from the System located at 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

### Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least

age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

#### Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

#### Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

|                                     |    |
|-------------------------------------|----|
| Before January 1, 1975              | 5% |
| January 1, 1975 - December 31, 1983 | 7% |
| January 1, 1984 - June 30, 1996     | 8% |
| Beginning July 1, 1996              | 9% |

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2016 was \$2,158,588, which was equal to its annual required contribution.

*B. Summary of Significant Accounting Policies*

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 System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

*C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the Town reported a liability of \$21,808,558 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Town's proportion was 3.439 percent which did not change from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$2,526,948. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ 2,568,242                                  | \$ 120,870                                   |
| Total  | <u>\$ 2,568,242</u>                           | <u>\$ 120,870</u>                            |



Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |                     |
|---------------------|---------------------|
| 2017                | \$ 669,998          |
| 2018                | 669,998             |
| 2019                | 669,998             |
| 2020                | <u>437,378</u>      |
| Total               | <u>\$ 2,447,372</u> |

*D. Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015:

|                           |                          |
|---------------------------|--------------------------|
| Inflation                 | 3% of the first \$13,000 |
| Salary increases          | 3.75% per year           |
| Investment rate of return | 8%                       |

Mortality rates were based on the RP-2000 mortality table (sex-distinct, healthy employees for actives and healthy annuitants for retirees) projected with scale BB and Generational Mortality. For members retired under an Accidental Disability (job-related), 40% of deaths are assumed to be from the same cause as the disability. Disabled mortality is the healthy retiree table ages set forward 2 years.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period December 31, 2014.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| <u>Asset Class</u>      | <u>Target<br/>Asset<br/>Allocation</u> | <u>Long-term<br/>Expected<br/>Real Rate<br/>of Return</u> |
|-------------------------|--|---|
| Domestic Equity         | 33.0%                                  | 10.2%   |
| Foreign Equity          | 16.0%                                  | 11.0%   |
| Total Fixed Equity      | 25.5%                                  | 7.9%  |
| Real Estate/real assets | 13.0%                                  | 9.3%  |
| Private equity          | 7.5%                                   | 14.6%   |
| Hedge funds of funds    | 4.0%                                   | 8.7%  |
| Cash                    | 1.0%                                   | 4.0%  |
| Total                   | <u>100.0%</u>                          | <u>65.7%</u>  |

*E. Discount Rate*

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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.

*F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7%) or 1 percentage-point higher (9%) than the current rate:

| <u>Fiscal Year Ended</u> | <u>1%<br/>Decrease<br/>(7.00%)</u> | <u>Current<br/>Discount Rate<br/>(8.00%)</u> | <u>1%<br/>Increase<br/>(9.00%)</u> |
|--------------------------|------------------------------------|--|------------------------------------|
| June 30, 2016            | \$ 27,057,461                      | \$ 21,808,558                                | \$ 17,307,268                      |

*G. Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

## 21. Massachusetts Teachers' Retirement System (MTRS)

### A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a non-employer contributor and is responsible for all 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 does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

### B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who

contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

*C. Contributions*

Member contributions for MTRS vary depending on the most recent date of membership:

| <u>Hire Date</u>    | <u>% of Compensation</u>  |
|---------------------|---|
| Prior to 1975       | 5% of regular compensation  |
| 1975 - 1983         | 7% of regular compensation  |
| 1984 to 6/30/1996   | 8% of regular compensation  |
| 7/1/1996 to present | 9% of regular compensation  |
| 7/1/2001 to present | 11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000) |
| 1979 to present     | An additional 2% of regular compensation in excess of \$30,000  |

*D. Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. This valuation used the following assumptions:

- (a) 7.5% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
- Mortality rates were as follows:
  - Pre-retirement – reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct)
  - Post-retirement – reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct)
  - Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale BB and a base year 2014 set forward 4 years

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates

of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>              | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |             |             |
|---------------------------------|--------------------------|---|-------------|-------------|
|                                 |                          | <u>2015</u>                                   | <u>2014</u> | <u>2013</u> |
| Global equity                   | 40.0%                    | 6.9%  | 7.2%        | 7.70%       |
| Core fixed income               | 13.0%                    | 2.4%  | 2.5%        | 2.00%       |
| Private equity                  | 10.0%                    | 8.5%  | 8.8%        | 9.00%       |
| Real estate                     | 10.0%                    | 6.5%  | 6.3%        | 6.00%       |
| Value added fixed income        | 10.0%                    | 5.8%  | 6.3%        | 6.30%       |
| Hedge funds                     | 9.0%                     | 5.8%  | 5.5%        | 4.75%       |
| Portfolio completion strategies | 4.0%                     | 5.5%  | -           | -           |
| Timber/natural resources        | 4.0%                     | 6.6%  | 5.0%        | 5.00%       |
| Total                           | <u>100.0%</u>            |   |             |             |

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

*F. Sensitivity Analysis*

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

| <u>Fiscal Year Ended</u> | <u>1% Decrease to 6.5%</u> | <u>Current Discount Rate 7.5%</u> | <u>1% Increase to 8.5%</u> |
|--------------------------|----------------------------|-----------------------------------|----------------------------|
| June 30, 2015            | \$ 25,449,000              | \$ 20,489,643                     | \$ 16,221,000              |

*G. Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the

member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

*H. Town Proportions*

In fiscal year 2015 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability and pension expense was \$52,357,798 and \$4,246,683 respectively, based on a proportionate share of 0.255533%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expense in the government-wide Statement of Activities.

**22. Risk Management**

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. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Located in Norwell, Hornstra Farms is one of the last working dairy farms in the South Shore area of Massachusetts where you can pet young calves in the barn and experience what could be the best ice cream in New England.



**TOWN OF NORWELL, MASSACHUSETTS  
SCHEDULE OF OPEB FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2016  
(Unaudited)**

**Other Post-Employment Benefits**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as<br>a Percent-<br>age of<br>Covered<br>Payroll<br>[(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 06/30/16                       | \$ 1,904,221                           | \$ 58,962,419  | \$ 57,058,198                      | 3.2%                     | \$ 28,555,614             | 199.8%   |
| 06/30/14                       | \$ 1,180,017                           | \$ 58,036,412  | \$ 56,858,395                      | 2.0%                     | \$ 27,309,004             | 208.2%   |
| 06/30/12                       | \$ 345,770                             | \$ 52,617,027  | \$ 52,271,257                      | 0.7%                     | \$ 24,418,810             | 214.1%   |
| 06/30/10                       | \$ -                                   | \$ 58,728,875  | \$ 58,728,875                      | 0.0%                     | \$ 23,444,866             | 250.5%   |
| 07/01/07                       | \$ -                                   | \$ 60,597,583  | \$ 60,597,583                      | 0.0%                     | \$ 19,176,783             | 316.0%   |

See Independent Auditors' Report.

**TOWN OF NORWELL, MASSACHUSETTS**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2016**  
**(Unaudited)**

Plymouth County Contributory Retirement System

| <u>Fiscal Year</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u> |
|--------------------|--|---|------------------------|--|--|
| June 30, 2016      | 3.439%   | \$21,808,558  | \$ 9,955,304           | 219.06%  | 56.80%   |
| June 30, 2015      | 3.439%   | \$20,043,926  | \$ 9,595,474           | 209.00%  | 58.88%   |

Massachusetts Teachers' Retirement System

| <u>Fiscal Year</u> | <u>Proportion of the Net Pension Liability</u> | <u>Proportionate Share of the Net Pension Liability</u> | <u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u> | <u>Total Net Pension Liability Associated with the Town</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u> |
|--------------------|--|---|---|---|------------------------|--|--|
| June 30, 2015      | 0.255533%                                      | \$ -  | \$ 52,357,798   | \$ 52,357,798   | \$ 16,197,951          | 0.00%  | 55.38%   |
| June 30, 2014      | 0.254049%                                      | \$ -  | \$ 40,384,465   | \$ 40,384,465   | \$ 15,576,999          | 0.00%  | 61.64%   |

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available*

See Independent Auditors' Report.

**TOWN OF NORWELL, MASSACHUSETTS**

**SCHEDULE OF PENSION CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2016  
(Unaudited)**

Plymouth County Contributory Retirement System

| <u>Fiscal<br/>Year</u> | <u>Contractually<br/>Required<br/>Contribution</u> | Contributions in<br>Relation to the<br><u>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Contributions as<br/>a Percentage of<br/>Covered Payroll</u> |
|------------------------|--|---|---|----------------------------|---|
| June 30, 2016          | \$ 2,158,588                                       | \$ 2,158,588  | \$ -  | \$ 9,955,304               | 22%   |
| June 30, 2015          | \$ 1,997,369                                       | \$ 1,997,369  | \$ -  | \$ 9,595,474               | 21%   |

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available*

See Independent Auditors' Report.

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**SUPPLEMENTARY STATEMENTS  
AND SCHEDULES**

## **GENERAL FUND**

The General Fund is established to account for all resources obtained and used for those services commonly provided by the Town, which are not accounted for in any other fund. These services include among other items: general government services, public safety, education, public works, health and human services, and culture and recreation. The primary sources of revenue of the General Fund are: property taxes, excise taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

TOWN OF NORWELL, MASSACHUSETTS  
 DETAIL SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

|   | Original<br><u>Budget</u> | Final<br><u>Budget</u> | Actual<br><u>(Budgetary Basis)</u> | Variance<br>Positive<br><u>(Negative)</u> |
|---|---------------------------|------------------------|------------------------------------|---|
| <u>Taxes</u>                                  |                           |                        |                                    |   |
| Property taxes                                | \$ 39,210,776             | \$ 39,210,776          | \$ 39,210,776                      | \$ -                                      |
| <u>Excises</u>                                |                           |                        |                                    |   |
| Motor vehicle excise                          | 1,523,336                 | 1,523,336              | 2,096,707                          | 573,371                                   |
| Other excise                                  | <u>2,000</u>              | <u>2,000</u>           | <u>2,000</u>                       | <u>-</u>                                  |
| Total Excises                                 | 1,525,336                 | 1,525,336              | 2,098,707                          | 573,371                                   |
| <u>Penalties, Interest and Other Taxes</u>    |                           |                        |                                    |   |
| Penalties and interest on taxes/excises       | 121,544                   | 121,544                | 136,001                            | 14,457                                    |
| <u>Charges for Services</u>                   |                           |                        |                                    |   |
| Charges for Services - Ambulance              | 725,181                   | 725,181                | 762,862                            | 37,681                                    |
| Rentals                                       | 262,751                   | 262,751                | 311,785                            | 49,034                                    |
| Departmental revenue - Cemeteries             | <u>26,660</u>             | <u>26,660</u>          | <u>26,315</u>                      | <u>(345)</u>                              |
| Total Charges for Services                    | 1,014,592                 | 1,014,592              | 1,100,962                          | 86,370                                    |
| <u>Intergovernmental</u>                      |                           |                        |                                    |   |
| State aid                                     | 4,477,895                 | 4,477,895              | 4,493,177                          | 15,282                                    |
| MSBA reimbursement                            | 656,581                   | 656,581                | 656,581                            | -   |
| Other   | <u>-</u>                  | <u>-</u>               | <u>109,335</u>                     | <u>109,335</u>                            |
| Total Intergovernmental                       | 5,134,476                 | 5,134,476              | 5,259,093                          | 124,617                                   |
| <u>Licenses, permits, and fees</u>            |                           |                        |                                    |   |
| Fees  | 151,291                   | 151,291                | 184,103                            | 32,812                                    |
| Licenses and permits                          | <u>529,907</u>            | <u>529,907</u>         | <u>486,472</u>                     | <u>(43,435)</u>                           |
| Total Licenses and Permits                    | 681,198                   | 681,198                | 670,575                            | (10,623)                                  |
| <u>Fines and Forfeits</u>                     |                           |                        |                                    |   |
| Fines and forfeits                            | 40,910                    | 40,910                 | 43,241                             | 2,331                                     |
| <u>Investment Income</u>                      |                           |                        |                                    |   |
| Investment income                             | 55,939                    | 55,939                 | 80,033                             | 24,094                                    |
| <u>Miscellaneous</u>                          |                           |                        |                                    |   |
| Other (non-recurring)                         | 79,194                    | 79,194                 | 80,558                             | 1,364                                     |
| Other miscellaneous                           | <u>22,977</u>             | <u>22,977</u>          | <u>62,588</u>                      | <u>39,611</u>                             |
| Total Miscellaneous                           | 102,171                   | 102,171                | 143,146                            | 40,975                                    |
| <u>Other Financing Sources</u>                |                           |                        |                                    |   |
| Transfers in                                  | 792,681                   | 792,681                | 792,681                            | -   |
| Fund balance reserved for excluded debt       | 118,514                   | 118,514                | 118,514                            | -   |
| Use of fund balance                           | 816,167                   | 1,058,360              | 1,058,360                          | -   |
| Use of overlay surplus                        | <u>504,000</u>            | <u>504,000</u>         | <u>504,000</u>                     | <u>-</u>                                  |
| Total Other Financing Sources                 | 2,231,362                 | 2,473,555              | 2,473,555                          | -   |
| Total Revenues and<br>Other Financing Sources | <u>\$ 50,118,304</u>      | <u>\$ 50,360,497</u>   | <u>\$ 51,216,089</u>               | <u>\$ 855,592</u>                         |

TOWN OF NORWELL MASSACHUSETTS

DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

|                                       | Original<br><u>Budget</u> | Final<br><u>Budget</u> | Actual<br><u>(Budgetary Basis)</u> | Variance<br>Positive<br><u>(Negative)</u> |
|---------------------------------------|---------------------------|------------------------|------------------------------------|---|
| <b>General Government</b>             |                           |                        |                                    |   |
| Town meeting & election               |                           |                        |                                    |   |
| Salaries                              | \$ 10,310                 | \$ 11,985              | \$ 11,984                          | \$ 1                                      |
| Expenses                              | 14,000                    | 14,000                 | 13,959                             | 41  |
| Selectmen                             |                           |                        |                                    |   |
| Salaries                              | 305,265                   | 305,265                | 302,134                            | 3,131                                     |
| Expenses                              | 59,400                    | 59,400                 | 39,957                             | 19,443                                    |
| Articles                              | 52,000                    | 52,000                 | 47,349                             | 4,651                                     |
| Advisory board                        |                           |                        |                                    |   |
| Expenses                              | 500                       | 500                    | 336                                | 164                                       |
| Reserve fund                          |                           |                        |                                    |   |
| Reserve fund                          | 235,000                   | 35,533                 | -                                  | 35,533                                    |
| Town Accountant                       |                           |                        |                                    |   |
| Salaries                              | 208,786                   | 208,797                | 208,796                            | 1   |
| Expenses                              | 42,593                    | 42,593                 | 40,400                             | 2,193                                     |
| Articles                              | 43,000                    | 41,285                 | 26,791                             | 14,494                                    |
| Assessors                             |                           |                        |                                    |   |
| Salaries                              | 121,405                   | 121,405                | 121,404                            | 1   |
| Expenses                              | 22,135                    | 24,242                 | 23,723                             | 519                                       |
| Treasurer/Collector                   |                           |                        |                                    |   |
| Salaries                              | 275,926                   | 275,926                | 247,398                            | 28,528                                    |
| Expenses                              | 80,916                    | 80,916                 | 82,187                             | (1,271)                                   |
| Legal services                        |                           |                        |                                    |   |
| Legal expenses                        | 100,000                   | 100,000                | 79,754                             | 20,246                                    |
| Personnel board                       |                           |                        |                                    |   |
| Expenses                              | 500                       | 500                    | 230                                | 270                                       |
| Information technology                |                           |                        |                                    |   |
| Salaries                              | -                         | 25,000                 | 24,895                             | 105                                       |
| Expenses                              | 90,000                    | 65,000                 | 40,391                             | 24,609                                    |
| Town clerk                            |                           |                        |                                    |   |
| Salaries                              | 148,205                   | 148,205                | 146,721                            | 1,484                                     |
| Expenses                              | 5,550                     | 5,550                  | 5,402                              | 148                                       |
| Articles                              | 25,000                    | 25,000                 | 25,000                             | -   |
| Board of registrars                   |                           |                        |                                    |   |
| Clerk of Board Salary                 | 450                       | 450                    | 450                                | -   |
| Registrars expenses                   | 4,500                     | 4,500                  | 4,494                              | 6   |
| Conservation commission               |                           |                        |                                    |   |
| Conservation salaries                 | 92,358                    | 92,358                 | 91,804                             | 554                                       |
| Conservation expenses                 | 22,650                    | 22,650                 | 22,349                             | 301                                       |
| Articles                              | 45,000                    | 45,000                 | 45,000                             | -   |
| Planning board                        |                           |                        |                                    |   |
| Salaries                              | 94,261                    | 94,261                 | 93,659                             | 602                                       |
| Planning board expenses               | 4,380                     | 4,380                  | 2,610                              | 1,770                                     |
| Board of appeals                      |                           |                        |                                    |   |
| Salaries                              | -                         | -                      | -                                  | -   |
| Expenses                              | 1,647                     | 1,647                  | 1,430                              | 217                                       |
| Commission on disabilities            |                           |                        |                                    |   |
| Expenses                              | 3,000                     | 3,000                  | 2,523                              | 477                                       |
| Cushing memorial                      |                           |                        |                                    |   |
| Salaries                              | 34,492                    | 34,492                 | 31,191                             | 3,301                                     |
| Expenses                              | 31,063                    | 31,063                 | 16,587                             | 14,476                                    |
| Facilities department                 |                           |                        |                                    |   |
| Salaries                              | 99,891                    | 99,891                 | 80,254                             | 19,637                                    |
| Expenses                              | 72,300                    | 72,300                 | 58,813                             | 13,487                                    |
| Public building maintenance committee |                           |                        |                                    |   |
| Expenses                              | 1,500                     | 1,500                  | -                                  | 1,500                                     |
| Town reports                          |                           |                        |                                    |   |
| Expenses                              | 3,000                     | 3,593                  | 3,593                              | -   |
| Beautification                        |                           |                        |                                    |   |
| Expenses                              | 2,000                     | 2,000                  | 2,000                              | -   |
| <b>Total General Government</b>       | <u>2,352,983</u>          | <u>2,156,187</u>       | <u>1,945,568</u>                   | <u>210,619</u>                            |

(continued)



(continued)

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|-------------------------------------|---|
| <b><u>Public Safety</u></b>             |                            |                         |                                     |   |
| Police Department                       |                            |                         |                                     |   |
| Salaries                                | 2,375,791                  | 2,375,791               | 2,371,848                           | 3,943                                       |
| Expenses                                | 302,200                    | 302,200                 | 301,284                             | 916   |
| Articles                                | 58,250                     | 58,250                  | 58,250                              | -   |
| Fire Department                         |                            |                         |                                     |   |
| Salaries                                | 1,983,567                  | 1,983,567               | 1,953,036                           | 30,531                                      |
| Expenses                                | 173,650                    | 217,328                 | 217,206                             | 122   |
| Articles                                | 115,250                    | 116,443                 | 116,031                             | 412   |
| Ambulance service                       |                            |                         |                                     |   |
| Expenses                                | 68,200                     | 68,200                  | 64,160                              | 4,040                                       |
| Emergency management                    |                            |                         |                                     |   |
| Salaries                                | 1,000                      | 1,000                   | -                                   | 1,000                                       |
| Expenses                                | 10,500                     | 10,500                  | 9,052                               | 1,448                                       |
| Regional dispatch services              |                            |                         |                                     |   |
| Regional dispatch expense               | 395,417                    | 395,417                 | 372,916                             | 22,501                                      |
| Building department                     |                            |                         |                                     |   |
| Salaries                                | 206,819                    | 234,968                 | 234,967                             | 1   |
| Expenses                                | 12,150                     | 12,150                  | 12,081                              | 69  |
| Sealer weights/measures                 |                            |                         |                                     |   |
| Salaries                                | 6,678                      | 6,678                   | 6,678                               | -   |
| Expenses                                | 1,515                      | 1,515                   | 622                                 | 893   |
| Animal control                          |                            |                         |                                     |   |
| Salaries                                | 8,352                      | 10,088                  | 9,658                               | 430   |
| Expenses                                | 2,500                      | 2,500                   | 1,733                               | 767   |
| Harbormaster                            |                            |                         |                                     |   |
| Salaries                                | 5,548                      | 5,548                   | 5,548                               | -   |
| Expenses                                | 2,300                      | 2,300                   | 2,202                               | 98  |
| <b>Total Public Safety</b>              | <u>5,729,687</u>           | <u>5,804,443</u>        | <u>5,737,272</u>                    | <u>67,171</u>                               |
| <b><u>Education</u></b>                 |                            |                         |                                     |   |
| School budget                           | 24,587,972                 | 24,587,972              | 24,587,546                          | 426   |
| Regional school assessment              | 123,333                    | 123,333                 | 123,333                             | -   |
| Articles                                | 100,000                    | 100,000                 | 100,000                             | -   |
| <b>Total Education</b>                  | <u>24,811,305</u>          | <u>24,811,305</u>       | <u>24,810,879</u>                   | <u>426</u>                                  |
| <b><u>Public Works</u></b>              |                            |                         |                                     |   |
| Highway department                      |                            |                         |                                     |   |
| Salaries                                | 442,205                    | 442,205                 | 360,435                             | 81,770                                      |
| Expenses                                | 443,452                    | 443,452                 | 269,548                             | 173,904                                     |
| Snow removal and sanding                | 230,000                    | 460,613                 | 460,613                             | -   |
| Articles                                | 1,009,500                  | 1,009,500               | 995,279                             | 14,221                                      |
| Trees and grounds                       |                            |                         |                                     |   |
| Salaries                                | 371,582                    | 371,582                 | 333,513                             | 38,069                                      |
| Expenses                                | 127,978                    | 127,978                 | 121,416                             | 6,562                                       |
| Articles                                | 32,500                     | 32,500                  | 32,484                              | 16  |
| Street lighting                         |                            |                         |                                     |   |
| Street lighting expenses                | 60,000                     | 62,892                  | 62,892                              | -   |
| Town cemetery                           |                            |                         |                                     |   |
| Salaries                                | 4,800                      | 4,800                   | 4,800                               | -   |
| Expenses                                | 5,200                      | 7,891                   | 7,891                               | -   |
| <b>Total Public Works</b>               | <u>2,727,217</u>           | <u>2,963,413</u>        | <u>2,648,871</u>                    | <u>314,542</u>                              |
| <b><u>Health and Human Services</u></b> |                            |                         |                                     |   |
| Board of health                         |                            |                         |                                     |   |
| Salaries                                | 123,207                    | 123,207                 | 123,206                             | 1   |
| Expenses                                | 901,826                    | 971,826                 | 958,358                             | 13,468                                      |
| Articles                                | 14,000                     | 22,000                  | 22,000                              | -   |
| Council on aging                        |                            |                         |                                     |   |
| Salaries                                | 214,349                    | 217,875                 | 217,875                             | -   |
| Expenses                                | 19,662                     | 19,662                  | 19,662                              | -   |
| Articles                                | 34,000                     | 34,000                  | 15,656                              | 18,344                                      |
| Veterans                                |                            |                         |                                     |   |
| Salaries                                | 8,779                      | 8,779                   | 8,779                               | -   |
| Expenses                                | 2,500                      | 2,500                   | 2,459                               | 41  |
| Veterans' benefits                      | 25,000                     | 25,000                  | 9,548                               | 15,452                                      |
| <b>Total Health and Human Services</b>  | <u>1,343,323</u>           | <u>1,424,849</u>        | <u>1,377,543</u>                    | <u>47,306</u>                               |

(continued)

(continued)

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-------------------------------------|---|
| <b><u>Culture and Recreation</u></b>               |                            |                         |                                     |   |
| Library  |                            |                         |                                     |   |
| Salaries   | 398,535                    | 398,535                 | 394,066                             | 4,469                                       |
| Expenses   | 201,501                    | 201,501                 | 198,204                             | 3,297                                       |
| Articles   | 7,500                      | 7,500                   | 7,425                               | 75  |
| Recreation   |                            |                         |                                     |   |
| Recreation superintendent salary                   | 65,519                     | 65,530                  | 65,530                              | -   |
| Historical commission                              |                            |                         |                                     |   |
| Expenses   | 4,000                      | 4,000                   | 1,004                               | 2,996                                       |
| <b>Total Culture and Recreation</b>                | <u>677,055</u>             | <u>677,066</u>          | <u>666,229</u>                      | <u>10,837</u>                               |
| <b><u>Debt Service</u></b>                         |                            |                         |                                     |   |
| Under levy debt service                            | 1,046,709                  | 1,046,709               | 1,046,709                           | -   |
| Debt exclusion                                     | <u>2,340,615</u>           | <u>2,340,615</u>        | <u>2,340,615</u>                    | <u>-</u>                                    |
|  | 3,387,324                  | 3,387,324               | 3,387,324                           | -   |
| <b><u>Intergovernmental</u></b>                    |                            |                         |                                     |   |
| State assessments                                  | 1,170,816                  | 1,170,816               | 1,169,710                           | 1,106                                       |
| <b><u>Employee Benefits &amp; Unclassified</u></b> |                            |                         |                                     |   |
| Pensions   | 2,201,362                  | 2,201,362               | 2,158,588                           | 42,774                                      |
| Unemployment compensation                          | 55,000                     | 80,000                  | 78,736                              | 1,264                                       |
| Group insurance including "opt out"                | 5,067,932                  | 5,067,932               | 4,842,756                           | 225,176                                     |
| Town insurance                                     | <u>374,300</u>             | <u>395,800</u>          | <u>391,912</u>                      | <u>3,888</u>                                |
| <b>Total Employee Benefits</b>                     | <u>7,698,594</u>           | <u>7,745,094</u>        | <u>7,471,992</u>                    | <u>273,102</u>                              |
| <b><u>Other Financing Uses</u></b>                 |                            |                         |                                     |   |
| Transfers out                                      | <u>220,000</u>             | <u>220,000</u>          | <u>220,000</u>                      | <u>-</u>                                    |
| <b>Total Other Financing Uses</b>                  | <u>220,000</u>             | <u>220,000</u>          | <u>220,000</u>                      | <u>-</u>                                    |
| Total Expenditures and<br>Other Financing Uses     | <u>\$ 50,118,304</u>       | <u>\$ 50,360,497</u>    | <u>\$ 49,435,388</u>                | <u>\$ 925,109</u>                           |

## **Combining Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specified purposes and restricted by law or local action.

Special Revenue Funds are established for the following purposes:

- School Lunch: To account for operating activities associated with the School Department student lunch program.
- Town Grants: To account for grant funds received from the United States government, either directly or through the Commonwealth of Massachusetts, and designated for specific purposes
- School Grants: To account for grant funds received from the United States government, either directly or through the Commonwealth of Massachusetts, and designated for specific purposes.
- Community Housing: To account for activity of the Norwell Community Housing Trust fund. The purpose of the trust is to provide for the creation and preservation of affordable housing in the Town for the benefit of low and moderate income households.
- Conservation: To account for activities related to the protection and conservation of Norwell's conservation land.
- Other Special Revenues: To account for certain receipts, which according to Massachusetts General Laws revolving funds, can be spent without appropriation, for expenditures related to the source of the receipt. It's also used to account for septic and other activities as well as various donations and related expenditures.

### CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment.

The current funds were established for the following purposes:

- Cemetery: To account for capital activities related to the Stetson Cemetery construction
- Road Repair: To account for capital activities related to the repair of Main Street.

- Police Station: To account for capital activities related to the Police Station construction.
- Town Projects: To account for capital activities associated with various Town projects, including the purchase of a fire pumper, the expansion of the Council on Aging building and other various projects.

### **PERMANENT FUND**

Permanent Fund is established to account for certain assets held by the Town in a fiduciary capacity as trustee. Permanent Fund is used to report principal balances legally restricted to the extent that only earnings, not principal, may be used for the support of certain government programs.

- Permanent Fund: To account for the principal received for perpetual care and related interest. The interest income is used to maintain the community cemetery. The fund is also used to account for nonspendable gifts received by the library with income restricted for maintenance of the library grounds. It is also used to account for various other bequests to the Town designated for particular purposes.

TOWN OF NORWELL, MASSACHUSETTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

|   | Special Revenue Funds |                  |                   |                        |                   |                        | Subtotals           |
|---|-----------------------|------------------|-------------------|------------------------|-------------------|------------------------|---------------------|
|   | School Lunch          | Town Grants      | School Grants     | Community Housing Fund | Conservation Fund | Other Special Revenues |                     |
| <u>ASSETS</u>   |                       |                  |                   |                        |                   |                        |                     |
| Cash and short-term investments                                     | \$ 134,502            | \$ 59,928        | \$ 504,038        | \$ 495,498             | \$ -              | \$ 1,887,946           | \$ 3,081,912        |
| Investments   | -                     | 3,666            | -                 | 715,371                | 452,423           | 124,997                | 1,296,457           |
| Betterments not yet due   | -                     | -                | -                 | -                      | -                 | 34,367                 | 34,367              |
| Total Assets  | <u>\$ 134,502</u>     | <u>\$ 63,594</u> | <u>\$ 504,038</u> | <u>\$ 1,210,869</u>    | <u>\$ 452,423</u> | <u>\$ 2,047,310</u>    | <u>\$ 4,412,736</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> |                       |                  |                   |                        |                   |                        |                     |
| Liabilities:  |                       |                  |                   |                        |                   |                        |                     |
| Warrants and accounts payable                                       | \$ 11,129             | \$ 732           | \$ 3,971          | \$ -                   | \$ -              | \$ 14,596              | \$ 30,428           |
| Prepaid user fees   | -                     | -                | -                 | -                      | -                 | 155,358                | 155,358             |
| Total Liabilities   | 11,129                | 732              | 3,971             | -                      | -                 | 169,954                | 185,786             |
| Deferred Inflows of Resources                                       | -                     | -                | -                 | -                      | -                 | 34,367                 | 34,367              |
| Fund Balances:  |                       |                  |                   |                        |                   |                        |                     |
| Nonspendable  | -                     | -                | -                 | -                      | -                 | -                      | -                   |
| Restricted  | 123,373               | 62,862           | 505,864           | 1,210,869              | 452,423           | 1,842,989              | 4,198,380           |
| Unassigned  | -                     | -                | (5,797)           | -                      | -                 | -                      | (5,797)             |
| Total Fund Balances   | <u>123,373</u>        | <u>62,862</u>    | <u>500,067</u>    | <u>1,210,869</u>       | <u>452,423</u>    | <u>1,842,989</u>       | <u>4,192,583</u>    |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances  | <u>\$ 134,502</u>     | <u>\$ 63,594</u> | <u>\$ 504,038</u> | <u>\$ 1,210,869</u>    | <u>\$ 452,423</u> | <u>\$ 2,047,310</u>    | <u>\$ 4,412,736</u> |

(continued)

| Capital Project Funds |                        |                           |                          |                     | Permanent<br>Trust<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------|------------------------|---------------------------|--------------------------|---------------------|----------------------------|--|
| <u>Cemetery</u>       | <u>Road<br/>Repair</u> | <u>Police<br/>Station</u> | <u>Town<br/>Projects</u> | <u>Subtotal</u>     |                            |  |
| \$ 84,731             | \$ 2,587,357           | \$ 27,535                 | \$ 327,344               | \$ 3,026,967        | \$ 66,342                  | \$ 6,175,221                               |
| -                     | -                      | -                         | -                        | -                   | 1,325,457                  | 2,621,914                                  |
| -                     | -                      | -                         | -                        | -                   | -                          | 34,367                                     |
| <u>\$ 84,731</u>      | <u>\$ 2,587,357</u>    | <u>\$ 27,535</u>          | <u>\$ 327,344</u>        | <u>\$ 3,026,967</u> | <u>\$ 1,391,799</u>        | <u>\$ 8,831,502</u>                        |
| <br>                  |                        |                           |                          |                     |                            |  |
| \$ -                  | \$ 247,128             | \$ -                      | \$ 1,522                 | \$ 248,650          | \$ 3,114                   | \$ 282,192                                 |
| -                     | -                      | -                         | -                        | -                   | -                          | 155,358                                    |
| -                     | 247,128                | -                         | 1,522                    | 248,650             | 3,114                      | 437,550                                    |
| -                     | -                      | -                         | -                        | -                   | -                          | 34,367                                     |
| -                     | -                      | -                         | -                        | -                   | 378,092                    | 378,092                                    |
| 84,731                | 2,340,229              | 27,535                    | 325,822                  | 2,778,317           | 1,010,593                  | 7,987,290                                  |
| -                     | -                      | -                         | -                        | -                   | -                          | (5,797)                                    |
| <u>84,731</u>         | <u>2,340,229</u>       | <u>27,535</u>             | <u>325,822</u>           | <u>2,778,317</u>    | <u>1,388,685</u>           | <u>8,359,585</u>                           |
| <br>                  |                        |                           |                          |                     |                            |  |
| <u>\$ 84,731</u>      | <u>\$ 2,587,357</u>    | <u>\$ 27,535</u>          | <u>\$ 327,344</u>        | <u>\$ 3,026,967</u> | <u>\$ 1,391,799</u>        | <u>\$ 8,831,502</u>                        |

TOWN OF NORWELL, MASSACHUSETTS

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

|   | Special Revenue Funds |             |               |                        |                   |                        | Subtotal     |
|---|-----------------------|-------------|---------------|------------------------|-------------------|------------------------|--------------|
|   | School Lunch          | Town Grants | School Grants | Community Housing Fund | Conservation Fund | Other Special Revenues |              |
| Revenues:   |                       |             |               |                        |                   |                        |              |
| Charges for services                                      | \$ 713,226            | \$ -        | \$ -          | \$ -                   | \$ -              | \$ 1,193,690           | \$ 1,906,916 |
| Intergovernmental   | 107,774               | 77,672      | 1,204,652     | -                      | -                 | 320,088                | 1,710,186    |
| Investment income   | -                     | 161         | -             | 49,546                 | 30,128            | 8,155                  | 87,990       |
| Miscellaneous   | -                     | -           | -             | -                      | -                 | 6,076                  | 6,076        |
| Total Revenues  | 821,000               | 77,833      | 1,204,652     | 49,546                 | 30,128            | 1,528,009              | 3,711,168    |
| Expenditures:   |                       |             |               |                        |                   |                        |              |
| Current:  |                       |             |               |                        |                   |                        |              |
| General government  | -                     | 5,296       | -             | 59,820                 | 6,161             | 32,201                 | 103,478      |
| Public safety   | -                     | 15,184      | -             | -                      | -                 | 1,723                  | 16,907       |
| Education   | 876,095               | -           | 1,349,803     | -                      | -                 | 988,396                | 3,214,294    |
| Public works  | -                     | 7,500       | -             | -                      | -                 | -                      | 7,500        |
| Health and human services                                 | -                     | 28,218      | -             | -                      | -                 | 3,343                  | 31,561       |
| Culture and recreation                                    | -                     | 6,332       | -             | -                      | -                 | 356,040                | 362,372      |
| Debt service:   | -                     | -           | -             | -                      | -                 | 7,444                  | 7,444        |
| Total Expenditures  | 876,095               | 62,530      | 1,349,803     | 59,820                 | 6,161             | 1,389,147              | 3,743,556    |
| Excess (deficiency) of revenues over (under) expenditures | (55,095)              | 15,303      | (145,151)     | (10,274)               | 23,967            | 138,862                | (32,388)     |
| Other Financing Sources (Uses):                           |                       |             |               |                        |                   |                        |              |
| Issuance of bonds   | -                     | -           | -             | -                      | -                 | -                      | -            |
| Transfers in  | -                     | -           | -             | 500,000                | -                 | -                      | 500,000      |
| Transfers out   | -                     | -           | -             | -                      | -                 | (310,681)              | (310,681)    |
| Total Other Financing Sources (Uses)                      | -                     | -           | -             | 500,000                | -                 | (310,681)              | 189,319      |
| Net change in fund balances                               | (55,095)              | 15,303      | (145,151)     | 489,726                | 23,967            | (171,819)              | 156,931      |
| Fund Balances, beginning of year                          | 178,468               | 47,559      | 645,218       | 721,143                | 428,456           | 2,014,808              | 4,035,652    |
| Fund Balances, end of year                                | \$ 123,373            | \$ 62,862   | \$ 500,067    | \$ 1,210,869           | \$ 452,423        | \$ 1,842,989           | \$ 4,192,583 |



(continued)

| Capital Project Funds |                     |                   |                   |                     | Permanent<br>Trust<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------|---------------------|-------------------|-------------------|---------------------|----------------------------|--|
| Cemetery              | Road<br>Repair      | Police<br>Station | Town<br>Projects  | Subtotal            |                            |  |
| \$ -                  | \$ -                | \$ -              | \$ -              | \$ -                | \$ -                       | \$ 1,906,916                               |
| -                     | -                   | -                 | -                 | -                   | -                          | 1,710,186                                  |
| -                     | -                   | -                 | -                 | -                   | 94,642                     | 182,632                                    |
| -                     | -                   | -                 | -                 | -                   | 34,350                     | 40,426                                     |
| -                     | -                   | -                 | -                 | -                   | 128,992                    | 3,840,160                                  |
| -                     | -                   | -                 | 59,388            | 59,388              | 26,492                     | 189,358                                    |
| -                     | -                   | 66,619            | 222,612           | 289,231             | -                          | 306,138                                    |
| -                     | -                   | -                 | -                 | -                   | 400                        | 3,214,694                                  |
| 45,690                | 591,215             | -                 | -                 | 636,905             | -                          | 644,405                                    |
| -                     | -                   | -                 | -                 | -                   | -                          | 31,561                                     |
| -                     | -                   | -                 | -                 | -                   | -                          | 362,372                                    |
| -                     | -                   | -                 | -                 | -                   | -                          | 7,444                                      |
| <u>45,690</u>         | <u>591,215</u>      | <u>66,619</u>     | <u>282,000</u>    | <u>985,524</u>      | <u>26,892</u>              | <u>4,755,972</u>                           |
| (45,690)              | (591,215)           | (66,619)          | (282,000)         | (985,524)           | 102,100                    | (915,812)                                  |
| -                     | 3,300,000           | -                 | 500,000           | 3,800,000           | -                          | 3,800,000                                  |
| -                     | -                   | -                 | -                 | -                   | -                          | 500,000                                    |
| -                     | (368,556)           | -                 | -                 | (368,556)           | -                          | (679,237)                                  |
| -                     | <u>2,931,444</u>    | -                 | <u>500,000</u>    | <u>3,431,444</u>    | -                          | <u>3,620,763</u>                           |
| (45,690)              | 2,340,229           | (66,619)          | 218,000           | 2,445,920           | 102,100                    | 2,704,951                                  |
| <u>130,421</u>        | <u>-</u>            | <u>94,154</u>     | <u>107,822</u>    | <u>332,397</u>      | <u>1,286,585</u>           | <u>5,654,634</u>                           |
| <u>\$ 84,731</u>      | <u>\$ 2,340,229</u> | <u>\$ 27,535</u>  | <u>\$ 325,822</u> | <u>\$ 2,778,317</u> | <u>\$ 1,388,685</u>        | <u>\$ 8,359,585</u>                        |



The John Otis water tower built in the late nineteenth century is one of several water towers located in the Town of Norwell. The purpose of the tower was to provide an attractive enclosure around a storage tank supported thirty feet above ground which supplies water on an as-needed basis by a gravity system, distributing water around the property.

**STATISTICAL  
SECTION**

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# TOWN OF NORWELL, MASSACHUSETTS

## STATISTICAL SECTION

The Town of Norwell'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 government's overall financial health.

|   | <u>Page</u> |
|---|-------------|
| <i>Financial Trends</i><br>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.  | 92 - 96     |
| <i>Revenue Capacity</i><br>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.  | 97 - 99     |
| <i>Debt Capacity</i><br>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.                           | 100 - 102   |
| <i>Demographic and Economic Information</i><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.   | 103 - 104   |
| <i>Operating Information</i><br>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs. | 105 - 107   |

| Town of Norwell, Massachusetts              |                |                |                |               |               |               |               |               |               |               |
|---|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Position by Component                   |                |                |                |               |               |               |               |               |               |               |
| Last Ten Fiscal Years                       |                |                |                |               |               |               |               |               |               |               |
|   | 2007           | 2008           | 2009           | 2010          | 2011          | 2012          | 2013          | 2014          | 2015*         | 2016          |
| <b>Government Activity</b>                  |                |                |                |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 64,191,871  | \$ 64,844,841  | \$ 65,514,305  | \$ 65,298,352 | \$ 66,346,144 | \$ 66,480,681 | \$ 67,721,588 | \$ 70,949,123 | \$ 73,122,857 | \$ 75,406,012 |
| Restricted                                  | 6,349,274      | 6,865,903      | 1,780,470      | 9,443,394     | 9,819,765     | 10,395,451    | 11,064,701    | 9,498,608     | 10,074,073    | 10,399,662    |
| Unrestricted                                | 20,409,228     | 19,737,226     | 22,906,212     | 13,216,048    | 9,858,507     | 7,292,176     | 5,280,125     | 2,316,581     | (16,350,243)  | (18,605,444)  |
| Total governmental activities net position  | \$ 90,950,373  | \$ 91,447,970  | \$ 90,200,987  | \$ 87,957,794 | \$ 86,024,416 | \$ 84,168,308 | \$ 84,066,414 | \$ 82,764,312 | \$ 66,846,687 | \$ 67,200,230 |
| <b>Business-type Activities</b>             |                |                |                |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 10,512,066  | \$ 10,424,518  | \$ 10,376,532  | \$ 10,285,878 | \$ 10,130,166 | \$ 10,112,616 | \$ 9,934,061  | \$ 9,759,859  | \$ 9,689,182  | \$ 9,605,608  |
| Unrestricted                                | 692,660        | 625,585        | 600,860        | 634,441       | 714,322       | 867,424       | 861,266       | 710,838       | (1,242,467)   | (1,097,588)   |
| Total business-type activities net position | \$ 11,204,726  | \$ 11,050,103  | \$ 10,977,392  | \$ 10,920,319 | \$ 10,844,488 | \$ 10,980,040 | \$ 10,795,327 | \$ 10,470,697 | \$ 8,446,715  | \$ 8,508,020  |
| <b>Primary Government</b>                   |                |                |                |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 74,703,937  | \$ 75,269,359  | \$ 75,890,837  | \$ 75,584,230 | \$ 76,476,310 | \$ 76,593,297 | \$ 77,655,649 | \$ 80,708,982 | \$ 82,812,039 | \$ 85,011,620 |
| Restricted                                  | 6,349,274      | 6,865,903      | 1,780,470      | 9,443,394     | 9,819,765     | 10,395,451    | 11,064,701    | 9,498,608     | 10,074,073    | 10,399,662    |
| Unrestricted                                | 21,101,888     | 20,362,811     | 23,507,072     | 13,850,489    | 10,572,829    | 8,159,600     | 6,141,391     | 3,027,419     | (17,592,710)  | (19,703,032)  |
| Total primary government net position       | \$ 102,155,099 | \$ 102,498,073 | \$ 101,178,379 | \$ 98,878,113 | \$ 96,868,904 | \$ 95,148,348 | \$ 94,861,741 | \$ 93,235,009 | \$ 75,293,402 | \$ 75,708,250 |

\* Negative unrestricted net position results from implementing GASB 68 in fiscal year 2015; prior periods have not been restated.

Data source: Audited financial statements

Town of Norwell, Massachusetts  
Changes in Net Position  
Last Ten Fiscal Years

|   | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Expenses</b>                                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                                  | \$ 1,774,885           | \$ 2,157,065           | \$ 2,281,904           | \$ 2,161,332           | \$ 1,826,875           | \$ 2,025,265           | \$ 2,185,171           | \$ 2,705,467           | \$ 2,382,141           | \$ 3,682,858           |
| Public safety                                       | 4,209,948              | 4,504,567              | 4,575,754              | 4,538,032              | 4,981,802              | 4,884,987              | 5,046,565              | 5,445,348              | 5,662,652              | 9,429,556              |
| Education   | 23,682,864             | 24,855,085             | 26,544,157             | 27,391,427             | 28,237,153             | 29,098,003             | 31,864,627             | 33,342,133             | 31,172,630             | 37,001,437             |
| Public works  | 2,030,850              | 2,186,835              | 2,439,025              | 2,332,342              | 2,256,112              | 2,255,889              | 2,259,253              | 2,979,230              | 3,180,171              | 2,827,045              |
| Health and human services                           | 945,528                | 1,025,463              | 1,098,268              | 1,094,239              | 1,060,036              | 1,018,149              | 1,010,648              | 1,166,852              | 1,240,050              | 1,824,023              |
| Cultural and recreation                             | 889,561                | 1,007,019              | 730,691                | 1,014,870              | 992,338                | 974,869                | 995,143                | 902,324                | 433,487                | 1,585,395              |
| Intergovernmental                                   | 1,128,661              | 1,075,848              | 1,008,159              | 1,005,479              | 1,027,953              | 1,153,843              | 1,128,556              | 1,186,229              | 1,166,407              | 1,169,710              |
| Employee benefits                                   | 4,647,004              | 5,257,997              | 7,799,938              | 8,161,771              | 8,961,266              | 8,985,679              | 9,189,592              | 9,400,253              | 9,350,481              | *                      |
| Interest  | 1,210,640              | 1,157,351              | 1,089,542              | 1,003,721              | 910,882                | 909,350                | 864,734                | 768,969                | 801,978                | 725,926                |
| <b>Total governmental activities expenses</b>       | <b>40,519,941</b>      | <b>43,227,230</b>      | <b>47,567,438</b>      | <b>48,703,213</b>      | <b>50,254,417</b>      | <b>51,306,034</b>      | <b>54,544,289</b>      | <b>57,896,805</b>      | <b>55,389,997</b>      | <b>58,245,950</b>      |
| <b>Business-type Activities</b>                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Water operations                                    | 1,190,017              | 1,232,953              | 1,565,134              | 1,698,543              | 1,730,536              | 1,684,192              | 1,824,252              | 1,776,704              | 2,094,438              | 2,052,977              |
| <b>Total business-type activities expenses</b>      | <b>1,190,017</b>       | <b>1,232,953</b>       | <b>1,565,134</b>       | <b>1,698,543</b>       | <b>1,730,536</b>       | <b>1,684,192</b>       | <b>1,824,252</b>       | <b>1,776,704</b>       | <b>2,094,438</b>       | <b>2,052,977</b>       |
| <b>Total primary government expenses</b>            | <b>\$ 41,709,958</b>   | <b>\$ 44,460,183</b>   | <b>\$ 49,132,572</b>   | <b>\$ 50,401,756</b>   | <b>\$ 51,984,953</b>   | <b>\$ 52,990,226</b>   | <b>\$ 56,368,541</b>   | <b>\$ 59,673,509</b>   | <b>\$ 57,484,435</b>   | <b>\$ 60,298,927</b>   |
| <b>Program Revenues</b>                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges for services:</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                                  | \$ 195,724             | \$ 472,626             | \$ 402,059             | \$ 398,846             | \$ 422,585             | \$ 446,294             | \$ 552,251             | \$ 455,525             | \$ 427,815             | \$ 461,033             |
| Public safety                                       | 701,629                | 388,975                | 587,942                | 767,773                | 979,622                | 1,218,660              | 1,191,348              | 1,372,358              | 1,339,043              | 1,242,920              |
| Education   | 937,663                | 1,138,981              | 1,237,073              | 1,120,285              | 1,048,267              | 1,630,111              | 1,480,161              | 1,591,554              | 1,568,446              | 1,547,872              |
| Public works  | 50,349                 | 37,179                 | 36,187                 | 17,016                 | 21,990                 | 25,735                 | 24,705                 | 23,701                 | 27,097                 | 3,840                  |
| Health and human services                           | 24,119                 | 2,877                  | 27,446                 | 95,409                 | 103,831                | 83,239                 | 81,491                 | 95,625                 | 91,910                 | 81,271                 |
| Cultural and recreation                             | 221,800                | 221,822                | 202,501                | 242,295                | 269,113                | 289,022                | 275,567                | 267,222                | 291,943                | 364,544                |
| Operating grants and contributions                  | 7,397,214              | 8,002,754              | 9,084,202              | 9,731,095              | 9,707,240              | 10,129,112             | 10,482,485             | 10,712,205             | 8,139,289              | 9,734,290              |
| Capital grants and contributions                    | 4,938                  | 348,921                | 261,950                | 56,660                 | 497,572                | 7,500                  | 582,798                | 406,197                | 1,057,513              | 7,500                  |
| <b>Total government activities program revenues</b> | <b>9,533,436</b>       | <b>10,614,135</b>      | <b>11,839,360</b>      | <b>12,429,379</b>      | <b>13,050,220</b>      | <b>13,829,673</b>      | <b>14,670,806</b>      | <b>14,924,387</b>      | <b>12,943,056</b>      | <b>13,443,270</b>      |
| <b>Business-type Activities</b>                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges for services:</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Water operations                                    | 1,390,465              | 1,247,291              | 1,660,339              | 1,810,970              | 1,781,905              | 1,989,444              | 1,809,339              | 1,836,014              | 2,140,121              | 2,113,493              |
| Operating grants and contributions                  | 114,334                | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| <b>Total business - type activities revenues</b>    | <b>1,504,799</b>       | <b>1,247,291</b>       | <b>1,660,339</b>       | <b>1,810,970</b>       | <b>1,781,905</b>       | <b>1,989,444</b>       | <b>1,809,339</b>       | <b>1,836,014</b>       | <b>2,140,121</b>       | <b>2,113,493</b>       |
| <b>Total primary government revenues</b>            | <b>\$ 11,038,235</b>   | <b>\$ 11,861,426</b>   | <b>\$ 13,499,699</b>   | <b>\$ 14,240,349</b>   | <b>\$ 14,832,125</b>   | <b>\$ 15,819,117</b>   | <b>\$ 16,480,145</b>   | <b>\$ 16,760,401</b>   | <b>\$ 15,083,177</b>   | <b>\$ 15,556,763</b>   |
| <b>Net (Expense)/Revenue</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                             | \$ (30,986,505)        | \$ (32,613,095)        | \$ (35,728,078)        | \$ (36,273,834)        | \$ (37,204,197)        | \$ (37,476,361)        | \$ (39,873,483)        | \$ (42,972,418)        | \$ (42,446,941)        | \$ (44,802,680)        |
| Business-type activities                            | 314,782                | 14,338                 | 95,205                 | 112,427                | 51,369                 | 305,252                | (14,913)               | 59,310                 | 45,683                 | 60,516                 |
| <b>Total primary government net (expense)</b>       | <b>\$ (30,671,723)</b> | <b>\$ (32,598,757)</b> | <b>\$ (35,632,873)</b> | <b>\$ (36,161,407)</b> | <b>\$ (37,152,828)</b> | <b>\$ (37,171,109)</b> | <b>\$ (39,888,396)</b> | <b>\$ (42,913,108)</b> | <b>\$ (42,401,258)</b> | <b>\$ (44,742,164)</b> |

Data source: Audited financial statements

\* Beginning in FY16 the employee benefits have been allocated to the various function based on a % of total salaries and wages

| Town of Norwell, Massachusetts                              |               |               |                |                |                |                |               |                |               |               |
|---|---------------|---------------|----------------|----------------|----------------|----------------|---------------|----------------|---------------|---------------|
| Change in Net Position                                      |               |               |                |                |                |                |               |                |               |               |
| Last Ten Fiscal Years                                       |               |               |                |                |                |                |               |                |               |               |
| continued:  | 2007          | 2008          | 2009           | 2010           | 2011           | 2012           | 2013          | 2014           | 2015          | 2016          |
| General Revenues and Other Changes in Net Position          |               |               |                |                |                |                |               |                |               |               |
| Governmental Activities:                                    |               |               |                |                |                |                |               |                |               |               |
| Real estate and personal property-net of refunds payable    | \$ 26,776,909 | \$ 28,248,553 | \$ 29,772,799  | \$ 30,766,632  | \$ 31,864,541  | \$ 32,315,698  | \$ 36,295,390 | \$ 37,432,458  | \$ 39,633,658 | \$ 41,361,357 |
| Excise tax  | 1,794,167     | 1,789,487     | 1,799,055      | 1,629,552      | 1,707,595      | 1,773,411      | 1,914,269     | 1,995,931      | 2,080,619     | 2,054,655     |
| Penalties, interest, and other taxes                        | 156,836       | 235,960       | 223,647        | 139,933        | 170,171        | 259,981        | 153,885       | 101,053        | 135,049       | 136,001       |
| Grants, contributions - not restricted to specific programs | 1,376,182     | 1,410,228     | 1,235,624      | 997,167        | 989,931        | 934,790        | 1,005,969     | 1,141,390      | 1,095,663     | 1,150,859     |
| Investment income   | 744,100       | 531,679       | 226,027        | 253,196        | 201,349        | 243,343        | 244,329       | 302,507        | 224,035       | 360,674       |
| Miscellaneous   | 464,362       | 685,101       | 1,053,943      | 74,161         | 209,732        | 268,454        | 376,213       | 604,748        | 675,746       | 422,843       |
| Transfers   | 194,632       | 170,001       | 170,000        | 170,000        | 127,500        | (175,423)      | (218,466)     | 92,229         | (149,106)     | (330,166)     |
| Total government activities                                 | 31,507,188    | 33,071,009    | 34,481,095     | 34,030,641     | 35,270,819     | 35,620,254     | 39,771,589    | 41,670,316     | 43,695,664    | 45,156,223    |
| Business-type activities                                    |               |               |                |                |                |                |               |                |               |               |
| Miscellaneous   | 1,189         | 1,040         | 2,084          | 500            | 300            | 300            | 200           | 210            | 7,707         | 789           |
| Transfers   | (194,632)     | (170,001)     | (170,000)      | (170,000)      | (127,500)      | (170,000)      | (170,000)     | (384,150)      | (170,000)     | -             |
| Total business type activities                              | (193,443)     | (168,961)     | (167,916)      | (169,500)      | (127,200)      | (169,700)      | (169,800)     | (383,940)      | (162,293)     | 789           |
| Total primary government                                    | \$ 31,313,745 | \$ 32,902,048 | \$ 34,313,179  | \$ 33,861,141  | \$ 35,143,619  | \$ 35,450,554  | \$ 39,601,789 | \$ 41,286,376  | \$ 43,533,371 | \$ 45,157,012 |
| Changes in Net Position                                     |               |               |                |                |                |                |               |                |               |               |
| Governmental activities                                     | \$ 520,683    | \$ 457,914    | \$ (1,246,983) | \$ (2,243,193) | \$ (1,933,378) | \$ (1,856,107) | \$ (101,894)  | \$ (1,302,102) | \$ 1,248,723  | \$ 353,543    |
| Business-type activities                                    | 121,339       | (154,623)     | (72,711)       | (57,073)       | (75,831)       | 135,552        | (184,713)     | (324,630)      | (116,610)     | 61,305        |
| Total primary government changes in net position            | \$ 642,022    | \$ 303,291    | \$ (1,319,694) | \$ (2,300,266) | \$ (2,009,209) | \$ (1,720,555) | \$ (286,607)  | \$ (1,626,732) | \$ 1,132,113  | \$ 414,848    |

Data source: Audited financial statements

\* Beginning in FY16, indirect costs are reported as an expense in the Enterprise fund instead of a transfer to the General Fund



| Town of Norwell, Massachusetts<br>Fund Balance, Governmental Funds<br>Last Ten Fiscal Years |                     |                     |                      |                      |                     |                     |                      |                      |                      |                      |
|---|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                | 2008                | 2009                 | 2010                 | 2011                | 2012                | 2013                 | 2014                 | 2015                 | 2016                 |
| <b>General Fund</b>   |                     |                     |                      |                      |                     |                     |                      |                      |                      |                      |
| Reserved  | \$ 4,386,192        | \$ 4,558,754        | \$ 2,679,424         | \$ 4,489,225         | \$ -                | \$ -                | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unreserved  | 3,484,986           | 3,593,055           | 4,584,128            | 2,734,240            | -                   | -                   | -                    | -                    | -                    | -                    |
| Nonspendable  | -                   | -                   | -                    | -                    | -                   | -                   | -                    | -                    | -                    | -                    |
| Restricted  | -                   | -                   | -                    | -                    | 1,472,084           | 1,347,278           | 1,225,093            | 1,096,866            | 975,117              | 856,603              |
| Committed   | -                   | -                   | -                    | -                    | 3,404,763           | 3,049,068           | 3,568,755            | 2,316,942            | 2,143,807            | 3,257,901            |
| Assigned  | -                   | -                   | -                    | -                    | 1,395,651           | 1,829,042           | 1,767,433            | 1,827,907            | 1,398,194            | 1,598,931            |
| Unassigned  | -                   | -                   | -                    | -                    | 2,845,100           | 2,927,122           | 3,470,917            | 4,848,692            | 5,609,599            | 6,813,396            |
| <b>Total general fund</b>   | <b>\$ 7,871,178</b> | <b>\$ 8,151,809</b> | <b>\$ 7,263,552</b>  | <b>\$ 7,223,465</b>  | <b>\$ 9,117,598</b> | <b>\$ 9,152,510</b> | <b>\$ 10,032,198</b> | <b>\$ 10,090,407</b> | <b>\$ 10,126,717</b> | <b>\$ 12,526,831</b> |
| <b>All Other Governmental Funds</b>   |                     |                     |                      |                      |                     |                     |                      |                      |                      |                      |
| Reserved  | \$ 757,192          | \$ 669,903          | \$ 378,092           | \$ 378,092           | \$ -                | \$ -                | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unreserved, reported in:  |                     |                     |                      |                      |                     |                     |                      |                      |                      |                      |
| Special revenue funds   | 7,538,968           | 8,111,670           | 9,951,440            | 11,258,938           | -                   | -                   | -                    | -                    | -                    | -                    |
| Capital projects funds  | 736,042             | 157,848             | 144,409              | 111,142              | -                   | -                   | -                    | -                    | -                    | -                    |
| Permanent funds   | 462,874             | 378,092             | 679,219              | 658,130              | -                   | -                   | -                    | -                    | -                    | -                    |
| Nonspendable  | -                   | -                   | -                    | -                    | 378,092             | 378,092             | 378,092              | 378,092              | 378,092              | 378,092              |
| Restricted  | -                   | -                   | -                    | -                    | 4,298,445           | 4,463,290           | 5,209,866            | 9,379,238            | 5,276,542            | 7,987,290            |
| Committed   | -                   | -                   | -                    | -                    | -                   | -                   | 7,227,432            | 5,550,331            | 4,751,835            | 4,818,393            |
| Unassigned  | -                   | -                   | -                    | -                    | -                   | (6,313.00)          | -                    | (98,827)             | -                    | (5,797)              |
| <b>Total all other governmental funds:</b>  | <b>\$ 9,495,076</b> | <b>\$ 9,317,513</b> | <b>\$ 11,153,160</b> | <b>\$ 12,406,302</b> | <b>\$ 4,676,537</b> | <b>\$ 4,835,069</b> | <b>\$ 12,815,390</b> | <b>\$ 15,208,834</b> | <b>\$ 10,406,469</b> | <b>\$ 13,177,978</b> |

Data source: Audited financial statements

(1) Beginning with FY 11, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

Town of Norwell, Massachusetts  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

|   | 2007                | 2008              | 2009              | 2010                | 2011              | 2012              | 2013                | 2014                | 2015                  | 2016                |
|---|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-----------------------|---------------------|
| <b>Revenues:</b>                              |                     |                   |                   |                     |                   |                   |                     |                     |                       |                     |
| Real estate and personal property taxes       |                     |                   |                   |                     |                   |                   |                     |                     |                       |                     |
| net of tax refunds                            | \$ 27,596,460       | \$ 28,162,147     | \$ 29,632,685     | \$ 30,741,522       | \$ 31,784,257     | \$ 32,508,405     | \$ 36,265,288       | \$ 37,054,057       | \$ 39,454,128         | \$ 41,362,543       |
| Motor vehicle and other excise taxes          | 1,728,251           | 1,818,911         | 1,857,062         | 1,624,820           | 1,630,323         | 1,857,834         | 1,865,981           | 2,044,029           | 2,036,241             | 2,098,707           |
| Penalties, interest and other taxes           | 156,836             | 120,550           | 143,463           | 139,933             | 170,171           | 259,981           | 153,885             | 101,053             | 135,049               | 136,001             |
| Charges for services                          | 1,733,911           | 1,878,717         | 1,961,617         | 2,249,877           | 2,226,633         | 2,724,799         | 2,920,786           | 2,983,691           | 2,985,360             | 3,007,878           |
| Intergovernmental                             | 14,109,892          | 10,407,007        | 11,242,771        | 11,302,811          | 11,641,940        | 11,818,233        | 12,571,126          | 12,754,224          | 8,156,059             | 7,308,188           |
| License and permits                           | 427,394             | 491,673           | 435,729           | 284,844             | 485,140           | 667,516           | 680,108             | 758,958             | 756,884               | 670,575             |
| Fines and forfeitures                         | 56,109              | 67,482            | 83,088            | 114,061             | 113,036           | 90,207            | 55,649              | 56,820              | 39,027                | 43,241              |
| Investment income                             | 744,099             | 647,090           | 306,210           | 251,670             | 201,856           | 243,344           | 244,328             | 302,508             | 224,035               | 360,673             |
| Miscellaneous                                 | 464,362             | 714,622           | 1,080,216         | 239,928             | 363,296           | 407,649           | 545,165             | 767,227             | 719,489               | 428,738             |
| <b>Total Revenues</b>                         | <b>47,017,314</b>   | <b>44,308,199</b> | <b>46,742,841</b> | <b>46,949,466</b>   | <b>48,616,652</b> | <b>50,577,968</b> | <b>55,302,316</b>   | <b>56,822,567</b>   | <b>54,506,272</b>     | <b>55,416,544</b>   |
| <b>Expenditures:</b>                          |                     |                   |                   |                     |                   |                   |                     |                     |                       |                     |
| General government                            | 2,240,395           | 2,104,199         | 2,325,522         | 2,104,719           | 2,617,323         | 2,439,500         | 2,748,322           | 5,645,646           | 4,509,723             | 3,004,334           |
| Public safety                                 | 4,308,683           | 4,492,921         | 4,515,373         | 4,365,632           | 4,922,868         | 4,878,503         | 5,086,805           | 6,921,003           | 9,073,088             | 6,008,793           |
| Education                                     | 22,391,671          | 24,025,128        | 25,447,328        | 25,952,720          | 26,744,437        | 27,636,087        | 30,743,601          | 31,826,324          | 27,035,706            | 28,065,758          |
| Public works                                  | 2,010,199           | 2,723,498         | 2,300,817         | 1,902,121           | 2,418,120         | 2,354,423         | 2,624,540           | 3,067,053           | 4,744,560             | 2,402,344           |
| Health and human services                     | 956,511             | 1,021,568         | 1,098,267         | 1,093,265           | 1,057,080         | 1,059,698         | 1,080,426           | 1,151,931           | 1,236,564             | 1,438,564           |
| Cultural and recreation                       | 919,614             | 961,392           | 921,314           | 937,340             | 942,427           | 934,443           | 965,075             | 958,703             | 1,027,489             | 1,028,334           |
| Employee benefits                             | 4,647,004           | 5,257,997         | 5,361,061         | 5,640,829           | 6,529,485         | 6,931,278         | 6,869,988           | 7,031,178           | 7,144,945             | 7,514,150           |
| Debt service                                  | 3,154,054           | 3,122,090         | 2,987,610         | 2,906,363           | 2,788,050         | 2,786,677         | 2,705,835           | 2,747,076           | 3,184,739             | 3,082,768           |
| Intergovernmental                             | 1,128,661           | 1,075,848         | 1,008,159         | 1,005,479           | 1,027,953         | 1,153,843         | 1,128,556           | 1,186,229           | 1,166,407             | 1,169,710           |
| <b>Total Expenditures</b>                     | <b>41,756,792</b>   | <b>44,784,641</b> | <b>45,965,451</b> | <b>45,908,468</b>   | <b>49,047,743</b> | <b>50,174,452</b> | <b>53,953,148</b>   | <b>60,535,143</b>   | <b>59,123,221</b>     | <b>53,714,755</b>   |
| Excess of revenues over/(under) expenditures  | 5,260,522           | (476,442)         | 777,390           | 1,040,998           | (431,091)         | 403,516           | 1,349,168           | (3,712,576)         | (4,616,949)           | 1,701,789           |
| <b>Other Financing Sources (Uses)</b>         |                     |                   |                   |                     |                   |                   |                     |                     |                       |                     |
| Issuance of bonds and notes                   | 1,530,000           | 369,826           | -                 | -                   | 1,300,000         | -                 | 862,620             | 6,072,000           | -                     | 3,800,000           |
| Transfer in                                   | 2,084,790           | 1,638,872         | 659,977           | 362,056             | 282,500           | 860,005           | 204,100             | 785,956             | 529,806               | 1,179,237           |
| Transfer out                                  | (1,890,158)         | (1,468,871)       | (489,977)         | (190,000)           | (155,000)         | (1,035,429)       | (422,566)           | (693,727)           | (678,912)             | (1,509,403)         |
| <b>Total other financing sources ( uses )</b> | <b>1,724,632</b>    | <b>539,827</b>    | <b>170,000</b>    | <b>172,056</b>      | <b>1,427,500</b>  | <b>(175,424)</b>  | <b>644,154</b>      | <b>6,164,229</b>    | <b>(149,106)</b>      | <b>3,469,834</b>    |
| <b>Net change in fund balance</b>             | <b>\$ 6,985,154</b> | <b>\$ 63,385</b>  | <b>\$ 947,390</b> | <b>\$ 1,213,054</b> | <b>\$ 996,409</b> | <b>\$ 228,092</b> | <b>\$ 1,993,322</b> | <b>\$ 2,451,653</b> | <b>\$ (4,766,055)</b> | <b>\$ 5,171,623</b> |

Data source: Audited financial statements

Town of Norwell, Massachusetts  
Assessed Value (1) of Taxable Property by Classification  
Last Ten Fiscal Years

| Fiscal Year | Assessed Value    |                      |                  |                  |                   |                        |                     |                  |
|-------------|-------------------|----------------------|------------------|------------------|-------------------|------------------------|---------------------|------------------|
|             | Residential Value | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Total Town Value |
| 2007        | \$ 2,164,334,769  | \$10.69              | \$ 254,278,531   | \$ 59,844,600    | \$ 24,001,980     | \$ 338,125,111         | \$10.69             | \$ 2,502,459,880 |
| 2008        | \$ 2,154,860,223  | \$11.07              | \$ 268,050,477   | \$ 60,597,400    | \$ 22,934,499     | \$ 351,582,376         | \$11.07             | \$ 2,506,442,599 |
| 2009        | \$ 2,129,962,006  | \$11.75              | \$ 272,691,681   | \$ 58,162,100    | \$ 35,511,660     | \$ 366,365,441         | \$11.75             | \$ 2,496,327,447 |
| 2010        | \$ 2,004,523,008  | \$12.75              | \$ 274,162,179   | \$ 58,114,100    | \$ 33,558,560     | \$ 365,834,839         | \$12.75             | \$ 2,370,357,847 |
| 2011        | \$ 1,873,034,973  | \$13.87              | \$ 271,495,555   | \$ 58,048,500    | \$ 35,392,830     | \$ 364,936,885         | \$13.87             | \$ 2,237,971,858 |
| 2012        | \$ 1,897,232,345  | \$14.24              | \$ 260,517,135   | \$ 53,060,400    | \$ 33,033,550     | \$ 346,611,085         | \$14.24             | \$ 2,243,843,430 |
| 2013        | \$ 1,874,635,662  | \$16.10              | \$ 258,529,953   | \$ 53,020,900    | \$ 34,566,820     | \$ 346,117,673         | \$16.10             | \$ 2,220,753,335 |
| 2014        | \$ 1,900,143,842  | \$16.37              | \$ 282,402,983   | \$ 29,027,700    | \$ 35,078,510     | \$ 346,509,193         | \$16.37             | \$ 2,246,653,035 |
| 2015        | \$ 1,980,087,997  | \$16.50              | \$ 298,778,900   | \$ 30,163,100    | \$ 39,542,640     | \$ 368,484,640         | \$16.50             | \$ 2,348,572,637 |
| 2016        | \$ 2,057,192,147  | \$16.50              | \$ 301,907,024   | \$ 30,185,200    | \$ 44,773,220     | \$ 376,865,444         | \$16.50             | \$ 2,434,057,591 |

Data source: Town of Norwell Tax Recapitulation Sheets

(1) Assessed value is comparable to estimated actual value

Town of Norwell, Massachusetts  
Principal Taxpayers  
Current and Nine Years Ago

| Name of Business                  | Nature of Business          | 2016                 |      |                                   | 2007                 |      |                                   |
|-----------------------------------|-----------------------------|----------------------|------|-----------------------------------|----------------------|------|-----------------------------------|
|                                   |                             | Assessed Valuation   | Rank | % of Total Taxable Assessed Value | Assessed Valuation   | Rank | % of Total Taxable Assessed Value |
| Foxrock Norwell Campus, LLC       | Medical Office              | \$27,400,000         | 1    | 1.13%                             | -                    | -    | 0.00%                             |
| Guttman, Stephen J Trust          | Shopping Plaza/Queen Ann    | \$22,111,900         | 2    | 0.91%                             | \$20,423,600         | 2    | 0.82%                             |
| 42 Longwater Associates           | Environmental/Clean Harbors | \$16,171,000         | 3    | 0.66%                             | \$9,432,700          | 5    | 0.38%                             |
| TRT Norwell, LLC                  | Stop and Shop Supermarket   | \$11,546,700         | 4    | 0.47%                             | \$9,706,100          | 4    | 0.39%                             |
| Gordon, Ronald L Trustee          | Office/Warehouse            | \$10,126,200         | 5    | 0.42%                             | \$10,719,400         | 3    | 0.43%                             |
| Foxrock Assinippi Realty LLC      | Office Building             | \$9,047,200          | 6    | 0.37%                             | -                    | -    | 0.00%                             |
| Southwood at Norwell Nursing      | Nursing Home                | \$9,033,200          | 7    | 0.37%                             | \$8,761,600          | 6    | 0.35%                             |
| Jumbo Capital Norwell Partnership | Office Building             | \$7,612,800          | 8    | 0.31%                             | -                    | -    | 0.00%                             |
| Danieli, John R & Cheryl Trust    | Computer IT                 | \$6,650,500          | 9    | 0.27%                             | \$5,847,800          | 9    | 0.23%                             |
| 600 Cordwainter LLC               | Commercial                  | \$6,423,100          | 10   | 0.26%                             | \$6,113,000          | 8    | 0.24%                             |
| <b>Totals</b>                     |                             | <u>\$126,122,600</u> |      | <u>5.18%</u>                      | <u>\$ 50,580,600</u> |      | <u>2.02%</u>                      |

Source: Board of Assessors, Town of Norwell

Town of Norwell, Massachusetts  
Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Overlay Reserve for Abatements | Net Tax Levy  | Collections During the Fiscal Year Payable |               | Collections in Subsequent Years | Collections as of June 30, 2016 |               |
|-------------|----------------|--------------------------------|---------------|--|---------------|---------------------------------|---------------------------------|---------------|
|             |                |                                |               | Dollar Amount                              | % of Net Levy |                                 | Dollar Amount                   | % of Net Levy |
| 2007        | \$ 26,751,296  | \$ 872,853                     | \$ 25,878,443 | \$ 26,328,890                              | 101.74%       | \$ 138,035                      | \$ 26,466,925                   | 102.3%        |
| 2008        | \$ 27,746,320  | \$ 1,075,960                   | \$ 26,670,360 | \$ 26,846,512                              | 100.66%       | \$ 492,651                      | \$ 27,339,163                   | 102.5%        |
| 2009        | \$ 29,331,848  | \$ 520,557                     | \$ 28,811,291 | \$ 28,537,908                              | 99.05%        | \$ 398,921                      | \$ 28,936,829                   | 100.4%        |
| 2010        | \$ 30,222,063  | \$ 540,770                     | \$ 29,681,293 | \$ 29,453,480                              | 99.23%        | \$ 382,429                      | \$ 29,835,909                   | 100.5%        |
| 2011        | \$ 31,040,670  | \$ 432,169                     | \$ 30,608,501 | \$ 30,467,792                              | 99.54%        | \$ 444,599                      | \$ 30,912,391                   | 101.0%        |
| 2012        | \$ 31,952,330  | \$ 631,245                     | \$ 31,321,085 | \$ 31,416,104                              | 100.30%       | \$ 306,370                      | \$ 31,722,474                   | 101.3%        |
| 2013        | \$ 35,754,129  | \$ 752,740                     | \$ 35,001,389 | \$ 35,193,799                              | 100.55%       | \$ 230,593                      | \$ 35,424,392                   | 101.2%        |
| 2014        | \$ 36,777,710  | \$ 827,806                     | \$ 35,949,904 | \$ 35,424,251                              | 98.54%        | \$ 1,068,030                    | \$ 36,492,281                   | 101.5%        |
| 2015        | \$ 38,751,449  | \$ 1,091,564                   | \$ 37,659,885 | \$ 38,079,123                              | 101.11%       | \$ 427,563                      | \$ 38,506,686                   | 102.2%        |
| 2016        | \$ 40,161,914  | \$ 951,174                     | \$ 39,210,740 | \$ 39,480,526                              | 100.69%       | \$ -                            | \$ 39,480,526                   | 100.7%        |

Data source: DLS Databank - Tax Levies by Class  
Town of Norwell General Ledger  
Bond Prospectus

Town of Norwell, Massachusetts  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Governmental Activities Debt |            |                       |                    |                          |                   |                               |                              |
|------------------------------|------------|-----------------------|--------------------|--------------------------|-------------------|-------------------------------|------------------------------|
| Fiscal Year                  | Population | Total Personal Income | Assessed Valuation | General Obligation Bonds | Per Capita Income | Percentage of Personal Income | Percentage of Assessed Value |
| 2007                         | 10,271     | \$ 759,838,309        | \$ 2,502,459,880   | \$ 26,839,292            | \$ 73,979         | 3.5322%                       | 1.0725%                      |
| 2008                         | 10,293     | \$ 716,248,698        | \$ 2,506,442,599   | \$ 25,261,031            | \$ 69,586         | 3.5269%                       | 1.0078%                      |
| 2009                         | 10,336     | \$ 668,119,040        | \$ 2,496,327,447   | \$ 23,382,485            | \$ 64,640         | 3.4997%                       | 0.9367%                      |
| 2010                         | 10,506     | \$ 677,584,470        | \$ 2,370,357,847   | \$ 21,499,397            | \$ 64,495         | 3.1729%                       | 0.9070%                      |
| 2011                         | 10,557     | \$ 753,812,028        | \$ 2,237,971,858   | \$ 20,925,282            | \$ 71,404         | 2.7759%                       | 0.9350%                      |
| 2012                         | 10,574     | \$ 739,503,264        | \$ 2,243,843,430   | \$ 19,070,611            | \$ 69,936         | 2.5788%                       | 0.8499%                      |
| 2013                         | 10,723     | \$ 847,578,089        | \$ 2,220,753,335   | \$ 18,153,083            | \$ 79,043         | 2.1418%                       | 0.8174%                      |
| 2014                         | 10,817     | \$ 752,744,213        | \$ 2,246,653,035   | \$ 22,138,399            | \$ 69,589         | 2.9410%                       | 0.9854%                      |
| 2015                         | 10,506     | \$ 748,972,740        | \$ 2,348,572,637   | \$ 19,774,124            | \$ 71,290         | 2.6402%                       | 0.8420%                      |
| 2016                         | 11,132     | \$ 778,527,552        | \$ 2,434,057,591   | \$ 21,206,246            | \$ 69,936         | 2.7239%                       | 0.8712%                      |

| Business - Type Activities Debt |              | Total Primary Government |                   |                               |                              |
|---------------------------------|--------------|--------------------------|-------------------|-------------------------------|------------------------------|
| Fiscal Year                     | Water Fund   | Total Debt Outstanding   | Per Capita Income | Percentage of Personal Income | Percentage of Assessed Value |
| 2007                            | \$ 1,555,000 | \$ 28,394,292            | \$ 73,979         | 3.74%                         | 1.13%                        |
| 2008                            | \$ 1,320,000 | \$ 26,581,031            | 69,586            | 3.71%                         | 1.06%                        |
| 2009                            | \$ 1,085,000 | \$ 24,467,485            | 64,640            | 3.66%                         | 0.98%                        |
| 2010                            | \$ 850,000   | \$ 22,349,397            | 64,495            | 3.30%                         | 0.94%                        |
| 2011                            | \$ 1,590,000 | \$ 22,515,282            | 71,404            | 2.99%                         | 1.01%                        |
| 2012                            | \$ 1,330,000 | \$ 20,400,611            | 69,936            | 2.76%                         | 0.91%                        |
| 2013                            | \$ 1,110,000 | \$ 19,263,083            | 79,043            | 2.27%                         | 0.87%                        |
| 2014                            | \$ 2,170,000 | \$ 24,308,399            | 69,589            | 3.23%                         | 1.08%                        |
| 2015                            | \$ 1,915,000 | \$ 21,689,124            | 71,290            | 2.90%                         | 0.92%                        |
| 2016                            | \$ 1,660,000 | \$ 22,866,246            | 69,936            | 2.94%                         | 0.94%                        |

Data source: Massachusetts Department of Revenue, Local Services Division  
Audited financial statements

Town of Norwell, Massachusetts  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2015

|  | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt (2)</u> |
|--|-----------------------------|--|--|
| Debt repaid with property taxes:           |                             |  |  |
| Plymouth County                            | \$ 2,475,000                | 2.55%  | \$ 63,112  |
| South Shore Regional Vocational School     | 805,000                     | 1.33%  | 10,707   |
| Massachusetts Bay Transportation Authority | 5,634,750,025               | 0.01%  | <u>563,475</u>   |
| Subtotal, overlapping debt                 |                             |  | 637,294  |
| Town direct debt                           |                             |  | <u>21,206,246</u>  |
| Total direct and overlapping debt          |                             |  | <u><u>\$ 21,843,540</u></u>                                |

Data source: Multiple entities including Town Treasurer

(1) Estimated share based on debt service only

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service

Town of Norwell, Massachusetts  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

|  | 2007            | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equalized Valuation (1)  | \$2,465,833,200 | \$2,634,376,200 | \$2,634,376,200 | \$2,614,682,100 | \$2,614,682,100 | \$2,426,601,200 | \$2,426,601,200 | \$2,356,322,900 | \$2,356,322,900 | \$2,356,322,900 |
| Debt Limit - 5% of equalized valuation                           | 123,291,660     | 131,718,810     | 131,718,810     | 130,734,105     | 130,734,105     | 121,330,060     | 121,330,060     | 117,816,145     | 117,816,145     | 117,816,145     |
| Less:  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Total debt applicable to limitation (2)                          | 12,957,000      | 11,260,000      | 10,243,032      | 9,221,522       | 10,418,985      | 9,425,891       | 8,102,230       | 14,199,990      | 12,698,158      | 14,992,724      |
| Legal debt margin  | \$110,334,660   | \$120,458,810   | \$121,475,778   | \$121,512,583   | \$120,315,120   | \$111,904,169   | \$113,227,830   | \$103,616,155   | \$105,117,987   | \$102,823,421   |
| Total debt applicable to the limit as a percentage of debt limit | 10.51%          | 8.55%           | 7.78%           | 7.05%           | 7.97%           | 7.77%           | 6.68%           | 12.05%          | 10.78%          | 12.73%          |

Data source:

(1) MA Bureau of Local Services (DataBank)

(2) Town of Norwell



Town of Norwell, Massachusetts  
Demographic and Economic Statistics  
Last Ten Fiscal Years

| Fiscal Year | Population Estimates | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|-------------|----------------------|----------------------------|------------|-------------------|-------------------|
| 2007        | 10,271               | \$73,979                   | 40.1       | 2,272             | 3.30%             |
| 2008        | 10,293               | \$69,586                   | 40.1       | 2,306             | 5.10%             |
| 2009        | 10,336               | \$64,640                   | 40.1       | 2,327             | 7.00%             |
| 2010        | 10,506               | \$64,495                   | 43.8       | 2,345             | 5.80%             |
| 2011        | 10,557               | \$71,404                   | 43.8       | 2,343             | 7.20%             |
| 2012        | 10,574               | \$69,936                   | 43.8       | 2,336             | 4.50%             |
| 2013        | 10,723               | \$79,043                   | 43.8       | 2,331             | 4.70%             |
| 2014        | 10,817               | \$69,589                   | 43.8       | 2,263             | 3.90%             |
| 2015        | 10,506               | \$71,290                   | 43.8       | 2,261             | 3.70%             |
| 2016        | 11,132               | \$69,936                   | 43.8       | 2,199             | 3.20%             |

Data source: DLS Databank - Labor Force  
Town of Norwell Census Data  
DESE October 1 reports

Town of Norwell, Massachusetts  
Principal Employers  
Current Year and Nine Years Ago

| Employer                       | Type of Business          | 2016                |      |                                     | 2007                |      |                                     |
|--------------------------------|---------------------------|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
|                                |                           | Number of Employees | Rank | Percentage of Total Town Employment | Number of Employees | Rank | Percentage of Total Town Employment |
| Aramark                        | Professional Services     | 500                 | 1    | 10.37%                              | 890                 | 1    | 17.01%                              |
| Harbor Medical Associates      | Medical Services          | 465                 | 2    | 9.65%                               | 375                 | 3    | 7.17%                               |
| Clean Harbors                  | Environmental Services    | 462                 | 3    | 9.59%                               | 412                 | 2    | 7.87%                               |
| Eos Holdings Inc.              | Debt Collection Services  | 249                 | 4    | 5.17%                               |                     |      |                                     |
| Norwell VNA/Hospital           | Nursing                   | 230                 | 5    | 4.77%                               |                     |      |                                     |
| Coler & Colantonio Inc.        | Consulting Services       | 175                 | 6    | 3.63%                               |                     |      |                                     |
| Signet Electronics             | IT/Technology             | 140                 | 7    | 2.90%                               |                     |      |                                     |
| Hannaford                      | Supermarket               | 127                 | 8    | 2.63%                               | 148                 | 5    | 2.83%                               |
| Avedis Zildjian Company        | Manufacturer              | 100                 | 9    | 2.07%                               |                     |      |                                     |
| Broadridge Financial Solutions | Communications            | 100                 | 10   | 2.07%                               |                     |      |                                     |
|                                | Total Principal Employers | 2548                |      |                                     | 1825                |      |                                     |
|                                | Total Town Employment (1) | 4820                |      |                                     | 5232                |      |                                     |

Data source: Official Statements Town of Norwell

Notes:

(1) MA Bureau of Local Services (DataBank)

Town of Norwell, Massachusetts  
Government Employees by Function - Full Time Equivalents  
Last Ten Years

| Function                          | Fiscal Year |        |        |        |        |        |        |        |        |        |
|-----------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                   | 2007        | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   |
| <b>General Government:</b>        | 16.79       | 17.97  | 18.56  | 18.56  | 17.89  | 17.80  | 19.28  | 20.40  | 20.40  | 21.68  |
| <b>Public Safety:</b>             |             |        |        |        |        |        |        |        |        |        |
| Police                            | 30.33       | 31.13  | 31.42  | 32.75  | 32.75  | 29.95  | 29.95  | 29.97  | 30.01  | 30.01  |
| Fire                              | 22.00       | 22.00  | 22.00  | 22.00  | 22.00  | 22.00  | 22.00  | 22.00  | 22.00  | 22.00  |
| Inspection                        | 2.00        | 2.00   | 2.00   | 2.00   | 2.00   | 1.89   | 1.89   | 1.89   | 1.89   | 1.89   |
| Sub-Total                         | 54.33       | 55.13  | 55.42  | 56.75  | 56.75  | 53.84  | 53.84  | 53.86  | 53.90  | 53.90  |
| <b>Education:</b>                 | 230.60      | 230.60 | 236.70 | 242.50 | 239.30 | 251.60 | 265.60 | 271.60 | 271.20 | 270.10 |
| <b>Public Works:</b>              |             |        |        |        |        |        |        |        |        |        |
| Highway                           | 7.25        | 7.25   | 7.25   | 7.25   | 7.25   | 7.25   | 7.25   | 7.25   | 7.52   | 7.52   |
| Tree and Grounds                  | 4.00        | 4.00   | 5.00   | 5.00   | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   | 6.00   |
| Water                             | 7.00        | 7.00   | 8.00   | 8.00   | 8.00   | 8.00   | 8.00   | 8.00   | 8.00   | 8.00   |
| Sub-Total                         | 18.25       | 18.25  | 20.25  | 20.25  | 21.25  | 21.25  | 21.25  | 21.25  | 21.52  | 21.52  |
| <b>Health and Human Services:</b> |             |        |        |        |        |        |        |        |        |        |
| Board of Health                   | 2.00        | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   | 2.00   |
| Council on Aging                  | 3.16        | 3.29   | 3.29   | 3.29   | 3.69   | 3.83   | 3.83   | 3.83   | 4.01   | 4.27   |
| Sub-Total                         | 5.16        | 5.29   | 5.29   | 5.29   | 5.69   | 5.83   | 5.83   | 5.83   | 6.01   | 6.27   |
| <b>Culture and Recreation:</b>    |             |        |        |        |        |        |        |        |        |        |
| Library                           | 7.27        | 7.28   | 7.09   | 7.42   | 7.69   | 7.04   | 7.20   | 7.24   | 7.27   | 7.27   |
| Recreation                        | 1.60        | 1.60   | 1.60   | 1.60   | 1.60   | 1.60   | 1.60   | 1.60   | 1.60   | 1.60   |
| Sub-Total                         | 8.87        | 8.88   | 8.69   | 9.02   | 9.29   | 8.64   | 8.80   | 8.84   | 8.87   | 8.87   |
| <b>TOTALS:</b>                    | 334.00      | 336.12 | 344.91 | 352.37 | 350.17 | 358.96 | 374.60 | 381.78 | 381.90 | 382.34 |

Source: Town of Norwell Budget Manuals

Town of Norwell, Massachusetts  
Operating Indicators by Function  
Last Ten Fiscal Years

|                                   | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town Clerk                        |             |             |             |             |             |             |             |             |             |             |
| Registered Voters                 | 7,224       | 7,346       | 7,207       | 7,276       | 7,348       | 7,502       | 7,398       | 7,384       | 7,561       | 7,913       |
| Finance                           |             |             |             |             |             |             |             |             |             |             |
| Taxable property parcels assessed | 4,331       | 4,373       | 4,367       | 4,399       | 4,420       | 4,473       | 4,476       | 4,514       | 4,515       | 4,526       |
| Motor vehicles registered         | 11,669      | 11,940      | 12,289      | 12,186      | 11,887      | 11,464      | 11,493      | 11,727      | 12,304      | 12,731      |
| Police                            |             |             |             |             |             |             |             |             |             |             |
| Physical arrests                  | 119         | 105         | 109         | 139         | 136         | 89          | 33          | 96          | 72          | 77          |
| Traffic violations                | 1,046       | 984         | 1,212       | 788         | 558         | 812         | 1,211       | 2,395       | 1,557       | 1,295       |
| Fire                              |             |             |             |             |             |             |             |             |             |             |
| Calls answered                    | 2,115       | 2,109       | 2,166       | 2,151       | 2,187       | 2,070       | 2,322       | 2,169       | 2,385       | 2,380       |
| Emergency responses               | 350         | 342         | 355         | 261         | 384         | 296         | 437         | 280         | 377         | 371         |
| Fires extinguished                | 73          | 52          | 47          | 43          | 48          | 35          | 50          | 45          | 63          | 58          |
| Number of inspections conducted   | 313         | 378         | 243         | 292         | 341         | 406         | 427         | 481         | 488         | 478         |
| Emergency medical responses       | 1,143       | 1,182       | 1,186       | 1,257       | 1,154       | 1,122       | 1,173       | 1,300       | 1,303       | 1,285       |
| Building                          |             |             |             |             |             |             |             |             |             |             |
| Building permits issued           | 450         | 444         | 397         | 409         | 363         | 468         | 530         | 550         | 626         | 686         |
| Estimated construction value      | \$1,983,480 | \$2,107,320 | \$1,738,090 | \$1,501,770 | \$1,602,720 | \$3,237,160 | \$3,741,240 | \$3,997,910 | \$2,849,890 | \$3,317,700 |
| Public Library                    |             |             |             |             |             |             |             |             |             |             |
| Volumes of collections            | 63,557      | 64,948      | 63,559      | 63,093      | 66,522      | 66,663      | 69,472      | 205,124     | 224,605     | 218,359     |
| Total circulation                 | 153,081     | 164,619     | 166,278     | 166,435     | 156,402     | 165,148     | 154,134     | 150,874     | 145,375     | 138,899     |
| Registered borrowers              | 5,878       | 5,739       | 5,563       | 5,521       | 5,459       | 5,374       | 5,379       | 5,260       | 5,056       | 4,929       |
| Water                             |             |             |             |             |             |             |             |             |             |             |
| Water main breaks                 | 12.00       | 23.00       | 20.00       | 14.00       | 15.00       | 22.00       | 19.00       | 33.00       | 19.00       | 19.00       |
| Daily average consumption - MGD   | 1.06        | 1.01        | 1.00        | 1.01        | 0.99        | 0.99        | 1.04        | 1.12        | 0.99        | 1.09        |
| Peak daily consumption - MGD      | 2.20        | 2.1         | 1.57        | 2.10        | 1.86        | 1.65        | 2.08        | 1.89        | 1.74        | 1.99        |

Data source: Various Town departments  
Registered Voters - Town Report  
DLS Databank

Town of Norwell, Massachusetts  
Capital Assets Statistics by Function  
Last Ten Fiscal Years

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Police</b>   |       |       |       |       |       |       |       |       |       |       |
| Number of stations                                    | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Fire and Rescue</b>                                |       |       |       |       |       |       |       |       |       |       |
| Number of stations                                    | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Number of ladder trucks                               | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Number of pumpers                                     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Number of support vehicles                            | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| <b>Public Works</b>                                   |       |       |       |       |       |       |       |       |       |       |
| Miles of street                                       | 89.92 | 89.92 | 89.92 | 89.15 | 89.15 | 88.68 | 88.69 | 88.69 | 88.69 | 89.09 |
| Number of storm drains                                | 1507  | 1507  | 1507  | 1507  | 1507  | 1507  | 1507  | 1507  | 1507  | 1507  |
| <b>Recreation</b>                                     |       |       |       |       |       |       |       |       |       |       |
| Number of parks                                       | 21    | 21    | 21    | 21    | 21    | 21    | 21    | 23    | 23    | 23    |
| Park acreage  | 1362  | 1362  | 1362  | 1362  | 1362  | 1362  | 1362  | 1401  | 1473  | 1475  |
| Ball fields   | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    | 11    |
| Tennis courts   | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     | 8     |
| <b>Water System</b>                                   |       |       |       |       |       |       |       |       |       |       |
| Miles of water mains                                  | 85.25 | 85.5  | 85.5  | 85.5  | 85.75 | 86.75 | 87.75 | 88.84 | 89.09 | 89.59 |
| Number of service connections                         | 3481  | 3501  | 3510  | 3523  | 3545  | 3571  | 3604  | 3626  | 3609  | 3656  |
| Storage capacity in gallons (millions of gallons)     | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  | 2.07  |
| Maximum daily capacity of plant (millions of gallons) | 2.2   | 2.1   | 1.57  | 2.1   | 2.1   | 1.75  | 2.19  | 1.93  | 1.85  | 1.99  |
| Number of fire hydrants                               | 727   | 731   | 736   | 743   | 746   | 756   | 766   | 777   | 781   | 786   |

Data source: Town reports  
Various Town departments