



TOWN OF NORWELL, MASSACHUSETTS

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

TOWN OF NORWELL, MASSACHUSETTS

**Comprehensive Annual Financial Report
Annual Financial Statements**

For the Year Ended June 30, 2017

**Prepared by:
The Finance Department**

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For the Fiscal Year Ended June 30, 2017**

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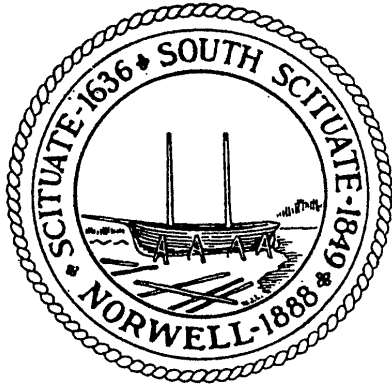
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**INTRODUCTORY
SECTION**

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

LETTER OF TRANSMITTAL

December 11, 2017

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, 2017 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, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial

statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Norwell's financial statements for the fiscal year ended June 30, 2017, 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 three-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 since fiscal year 2012. Also, animal control services have been regionalized with the towns of Hull and Cohasset since fiscal year 2016.

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. Since fiscal year 2016, the Town has been planning the design and construction of a new public library. In July 2017, the Town received a provisional construction grant award from the Massachusetts Public Library Construction Program in the amount of

\$6.3 million pending a referendum vote scheduled to take place at a special Town election on December 9, 2017.

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 almost \$2.5 million 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 \$11.4 million from the surcharge and \$5.9 million in state matches. Appropriations from the CPA fund totaling \$17.7 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. 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 to 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 will generate \$125,000 in revenues in year one with significant increases projected in subsequent years.

Since the Town was designated a Green Community by the Department of Energy Resources in fiscal year 2016, the Town has received 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 2017 saved over \$300,000 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 has saved the Town over \$85,000 in solid waste disposal costs in fiscal year 2017 and has increased the recycling rate by 38 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 mitigated premium rate increases for three 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 2017 of 13.2% of operating expenditures, or \$7.7 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 3.5%. The System has a net pension liability of \$635.4 million, with Norwell’s proportionate share being \$22.3 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, 2017, the most recent actuarial valuation, Norwell’s net OPEB liability was an estimated \$23.3 million. In addition, the Town established an OPEB trust, with a \$2.3 million balance at June 30, 2017. Management has initiated appropriations of \$120,000 to \$130,000 into the trust for the past 4 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

The Town was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the June 30, 2016 comprehensive annual financial report. 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,

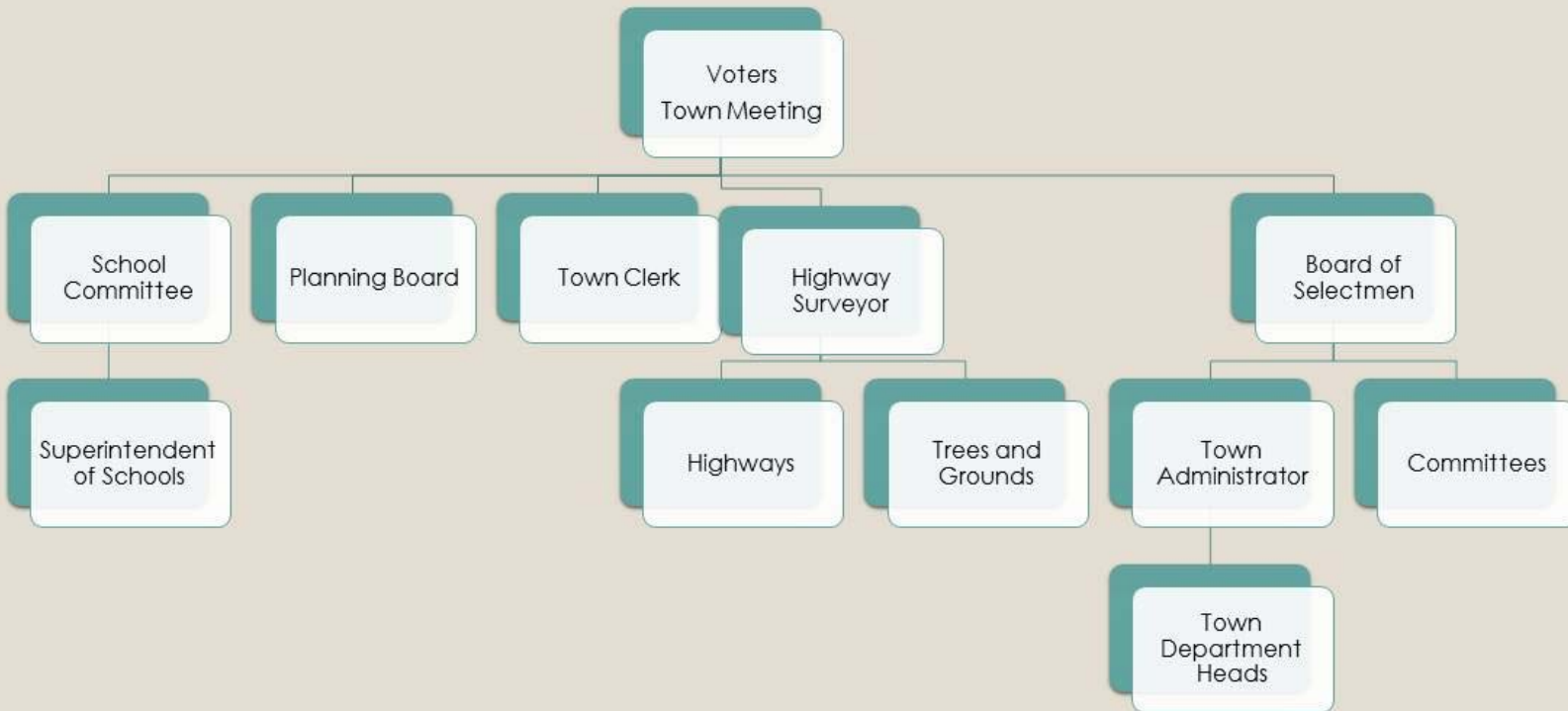


Peter J. Morin
Town Administrator



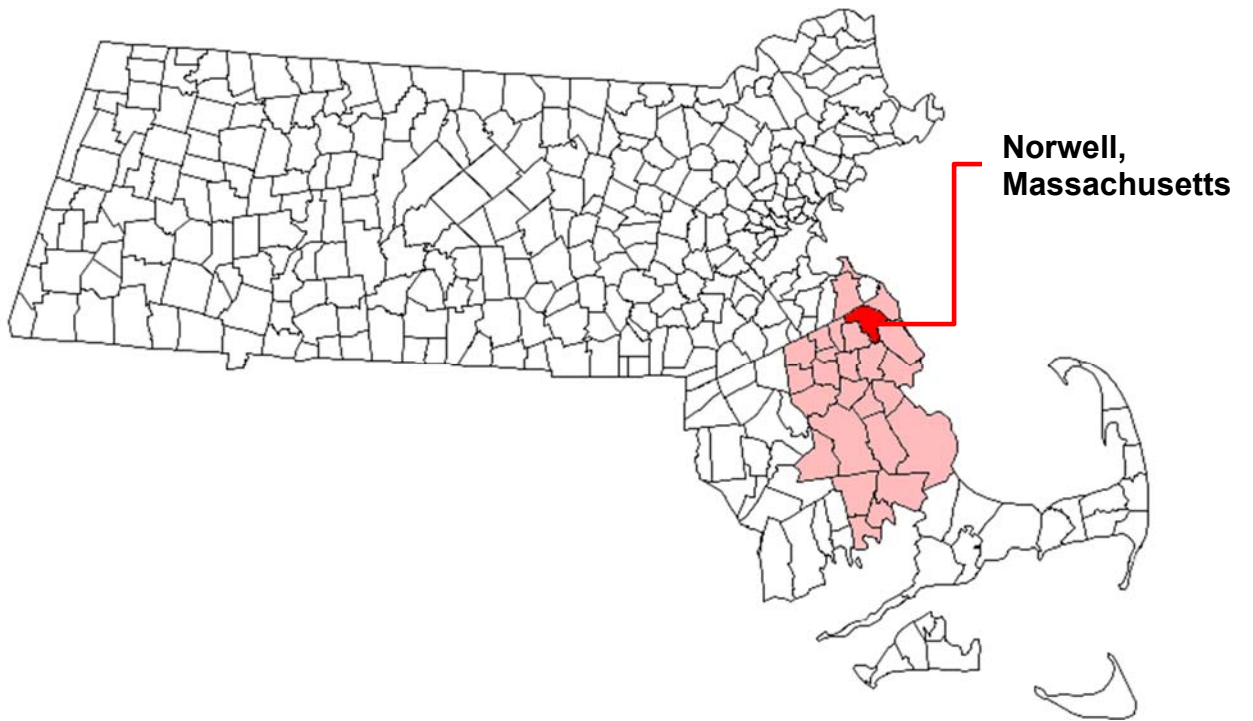
Donna G. Mangan
Finance Director/Town Accountant

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	2020
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	2021
Finance Director	Donna Mangan	Appointed/3 yrs	2018
Town Accountant	Donna Mangan	Appointed/3 yrs	2018
Treasurer/Collector	Darleen Sullivan	Appointed/3 yrs	2019
Assistant Assessor	Barbara Gingras	Indefinite	
Town Clerk	Patricia Anderson	Elected/3 yrs	2020
Assessor	William Houser	Elected/3 yrs	2018
Assessor	Susan Kirby	Elected/3 yrs	2020
Assessor	Joan Osborne	Elected/3 yrs	2019
Police Chief	Theodore Ross	Appointed/3 yrs	2020
Fire Chief	Andrew Reardon	Appointed/3 yrs	2020
Highway Surveyor	Glenn Ferguson	Elected/3 yrs	2019
Dir Land/Resource	Glenn Ferguson	Elected/3 yrs	2019
School Committee	Kiersten Warendorf	Elected/3 yrs	2020
School Committee	Alison Link	Elected/3 yrs	2020
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



**Norwell,
Massachusetts**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Norwell
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

**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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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, 2017, 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, and the Pension and OPEB schedules appearing on pages 75 to 79 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 11, 2017

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Norwell, Massachusetts, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

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 fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for 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 and deferred outflows exceeded liabilities and deferred inflows by \$75,170,667 (i.e., net position), a change of \$(537,583) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$24,704,858, a change of \$(1,296,952) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,656,961, a change of \$843,565 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 32,890	\$ 36,744	\$ 2,670	\$ 3,577	\$ 35,560	\$ 40,321
Capital assets	<u>97,046</u>	<u>94,809</u>	<u>11,164</u>	<u>10,981</u>	<u>108,210</u>	<u>105,790</u>
Total assets	129,936	131,553	13,834	14,558	143,770	146,111
Deferred outflows	2,709	-	301	-	3,010	-
Long-term liabilities outstanding	59,624	59,235	5,887	5,735	65,511	64,970
Other liabilities	<u>5,158</u>	<u>5,118</u>	<u>215</u>	<u>315</u>	<u>5,373</u>	<u>5,433</u>
Total liabilities	64,782	64,353	6,102	6,050	70,884	70,403
Deferred inflows	653	-	72	-	725	-
Net position:						
Net investment in capital assets	78,562	75,406	10,012	9,606	88,574	85,012
Restricted	11,646	10,400	-	-	11,646	10,400
Unrestricted	<u>(22,998)</u>	<u>(18,606)</u>	<u>(2,051)</u>	<u>(1,098)</u>	<u>(25,049)</u>	<u>(19,704)</u>
Total net position	<u>\$ 67,210</u>	<u>\$ 67,200</u>	<u>\$ 7,961</u>	<u>\$ 8,508</u>	<u>\$ 75,171</u>	<u>\$ 75,708</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 \$75,170,667, a change of \$(537,583) from the prior year.

The largest portion of net position \$88,574,468 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 \$11,645,923 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position represents a deficit balance of \$(25,049,724) caused primarily by unfunded liabilities for pension and OPEB (see Notes 17 and 19).

	<u>CHANGES IN NET POSITION</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,935	\$ 3,701	\$ 1,789	\$ 2,113	\$ 5,724	\$ 5,814
Operating grants	11,706	9,734	-	-	11,706	9,734
Capital grants and contributions	1,588	7	-	-	1,588	7
General revenues:						
Property taxes	42,821	41,361	-	-	42,821	41,361
Excises	2,501	2,055	-	-	2,501	2,055
Penalties and interest on taxes	263	136	-	-	263	136
Grants and contributions not restricted to specific programs	1,242	1,151	-	-	1,242	1,151
Investment income	267	361	-	-	267	361
Other	667	423	1	1	668	424
Total revenues	64,990	58,929	1,790	2,114	66,780	61,043

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
Expenses:						
General government	4,059	3,683	-	-	4,059	3,683
Public safety	9,931	9,430	-	-	9,931	9,430
Education	40,677	37,001	-	-	40,677	37,001
Public works	5,185	2,827	-	-	5,185	2,827
Human services	1,717	1,824	-	-	1,717	1,824
Culture and recreation	1,525	1,585	-	-	1,525	1,585
Interest on long-term debt	697	726	-	-	697	726
Intergovernmental	1,189	1,170	-	-	1,189	1,170
Water	-	-	2,337	2,053	2,337	2,053
Total expenses	<u>64,980</u>	<u>58,246</u>	<u>2,337</u>	<u>2,053</u>	<u>67,317</u>	<u>60,299</u>
Change in net position before transfers	10	683	(547)	61	(537)	744
Transfers in (out)	<u>-</u>	<u>(330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(330)</u>
Change in net position	10	353	(547)	61	(537)	414
Net position - beginning 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>
Net position - end of year	<u>\$ 67,210</u>	<u>\$ 67,200</u>	<u>\$ 7,961</u>	<u>\$ 8,508</u>	<u>\$ 75,171</u>	<u>\$ 75,708</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$9,404. Key elements of this change are as follows:

General fund operating results	\$ 76,541
Community preservation fund operating results - accrual basis	1,143,314
Nonmajor funds operating results - accrual basis	241,422
Excess depreciation over principal maturities, a budgeted expense	(408,036)
Change in other post employment benefits liability	(2,374,452)
Change in net pension liability, and related deferred inflows/outflows	(548,515)
Other GAAP accruals	<u>1,879,130</u>
Total	<u>\$ 9,404</u>

Business-type activities. Business-type activities for water operations for the year resulted in a change in net position of \$(546,987).

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, unassigned 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 \$24,407,858 a change of \$(1,296,952) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 76,541
Community preservation fund operating results	667,011
Nonmajor funds operating results	<u>(2,040,504)</u>
Total	<u>\$ (1,296,952)</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 \$7,656,961, while total fund balance was \$12,603,372. 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>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 7,656,961	\$ 6,813,396	\$ 843,565	13.2%
Total fund balance	\$ 12,603,372	\$ 12,526,831	\$ 76,541	21.7%

The total fund balance of the general fund changed by \$76,541 during the current fiscal year. Key factors in this change are as follows:

Excess of state and local revenues over budget	\$ 1,080,348
Budgetary appropriation surplus	922,274
Excess tax collections over budget	1,004,999
Excess of prior year encumbered appropriations spent in current year over current year encumbrances to be spent in the subsequent year	(851,643)
Use of free cash	(1,874,630)
Use of overlay surplus	(100,000)
Use of reserve for excluded debt	(113,830)
Increase in stabilization fund balances	<u>9,023</u>
Total	<u>\$ 76,541</u>

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Stabilization Fund	\$ 1,757,860	\$ 1,741,976	\$ 15,884
Capital Stabilization Fund	864,292	1,006,464	(142,172)
Special Education Stabilization Fund	50,093	-	50,093
Athletic Field Stabilization Fund	<u>169,801</u>	<u>84,583</u>	<u>85,218</u>
Total	<u>\$ 2,842,046</u>	<u>\$ 2,833,023</u>	<u>\$ 9,023</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 \$(2,051,395), a change of \$(953,807) 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 \$514,130. The major reasons for this increase was the \$492,188 increase in public works appropriations, primarily related to snow and ice appropriations.

These increases were funded by the use of free cash of \$464,130 and transfers from other funds of \$50,000. Additionally, there were other budgetary reclassifications during the fiscal year which had no impact on the Town's total budget.

The Town's actual revenues as compared to budget show a \$1,080,348 favorable variance, the largest of which, \$686,477 resulted from motor vehicle excise surplus.

Additionally, the Town had departmental turnbacks of \$922,274 largely due to the following:

- Reserve fund turnback of \$160,731
- Legal expense turnback of \$48,876
- Planning Board salary turnbacks of \$50,957
- Board of Health expense turnbacks of \$179,810
- Group insurance turnback of \$143,058

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$108,209,931 (net of accumulated depreciation). 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 \$2,128,845
- Town ways resurfacing of \$902,898
- Firetruck purchase of \$498,210
- Salt shed construction of \$300,000

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 \$20,152,753, 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, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 23,160,678	\$ 1,948,090	\$ 25,108,768
Investments	3,598,356	-	3,598,356
Receivables, net of allowance for uncollectibles:			
Property taxes	436,679	-	436,679
Excises	179,025	-	179,025
Departmental and other	159,963	-	159,963
User fees	-	722,429	722,429
Intergovernmental	125,185	-	125,185
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,230,685	-	1,230,685
Betterments not yet due	59,529	-	59,529
Intergovernmental	3,939,485	-	3,939,485
Capital Assets:			
Land and construction in progress	31,460,200	805,590	32,265,790
Other capital assets, net of accumulated depreciation	65,585,726	10,358,415	75,944,141
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>2,708,696</u>	<u>300,966</u>	<u>3,009,662</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	132,644,207	14,135,490	146,779,697
LIABILITIES			
Current:			
Warrants payable	1,393,451	41,912	1,435,363
Accrued liabilities	621,564	12,571	634,135
Tax refunds payable	46,080	-	46,080
Other current liabilities	571,967	-	571,967
Current portion of long-term liabilities:			
Bonds payable	2,404,120	155,000	2,559,120
Compensated absences	121,251	3,922	125,173
Noncurrent:			
Bonds payable, net of current portion	16,333,633	1,260,000	17,593,633
Net pension liability	20,029,648	2,225,516	22,255,164
Net OPEB obligation	20,956,468	2,328,496	23,284,964
Compensated absences, net of current portion	2,303,760	74,525	2,378,285
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>652,631</u>	<u>72,515</u>	<u>725,146</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	65,434,573	6,174,457	71,609,030
NET POSITION			
Net investment in capital assets	78,562,040	10,012,428	88,574,468
Restricted for:			
Grants and other statutory restrictions	10,263,208	-	10,263,208
Permanent funds:			
Nonexpendable	378,092	-	378,092
Expendable	1,004,623	-	1,004,623
Unrestricted	<u>(22,998,329)</u>	<u>(2,051,395)</u>	<u>(25,049,724)</u>
TOTAL NET POSITION	\$ <u>67,209,634</u>	\$ <u>7,961,033</u>	\$ <u>75,170,667</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, 2017

	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
Governmental Activities:							
General government	\$ 4,058,740	\$ 448,022	\$ 628,803	\$ -	\$ (2,981,915)	\$ -	\$ (2,981,915)
Public safety	9,930,970	1,245,075	24,748	-	(8,661,147)	-	(8,661,147)
Education	40,677,506	1,607,497	10,864,701	-	(28,205,308)	-	(28,205,308)
Public works	5,184,519	27,260	-	1,587,755	(3,569,504)	-	(3,569,504)
Health and human services	1,717,504	184,405	161,321	-	(1,371,778)	-	(1,371,778)
Culture and recreation	1,525,205	422,244	26,352	-	(1,076,609)	-	(1,076,609)
Interest	696,687	-	-	-	(696,687)	-	(696,687)
Intergovernmental	1,188,776	-	-	-	(1,188,776)	-	(1,188,776)
Total Governmental Activities	64,979,907	3,934,503	11,705,925	1,587,755	(47,751,724)	-	(47,751,724)
Business-Type Activities:							
Water services	2,337,384	1,789,650	-	-	-	(547,734)	(547,734)
Total Business-Type Activities	2,337,384	1,789,650	-	-	-	(547,734)	(547,734)
Total	\$ 67,317,291	\$ 5,724,153	\$ 11,705,925	\$ 1,587,755	(47,751,724)	(547,734)	(48,299,458)
General Revenues and Transfers:							
					42,821,370	-	42,821,370
					2,500,919	-	2,500,919
					262,384	-	262,384
					1,242,395	-	1,242,395
					267,435	-	267,435
					666,625	747	667,372
Total general revenues					47,761,128	747	47,761,875
Change in Net Position					9,404	(546,987)	(537,583)
Net Position:							
Beginning of year					67,200,230	8,508,020	75,708,250
End of year					\$ 67,209,634	\$ 7,961,033	\$ 75,170,667

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

TOWN OF NORWELL, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 14,430,122	\$ 5,500,659	\$ 3,229,897	\$ 23,160,678
Investments	207,756	-	3,390,600	3,598,356
Receivables:				
Property taxes	1,849,607	-	-	1,849,607
Excises	258,717	-	-	258,717
Departmental and other	181,357	8,805	-	190,162
Intergovernmental	1,275	-	123,910	125,185
Betterments not yet due	-	-	59,529	59,529
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 16,928,834</u>	<u>\$ 5,509,464</u>	<u>\$ 6,803,936</u>	<u>\$ 29,242,234</u>
LIABILITIES				
Warrants payable	\$ 1,140,337	\$ 15,255	\$ 237,859	\$ 1,393,451
Accrued liabilities	464,863	-	-	464,863
Tax refunds payable	46,080	-	-	46,080
Prepaid user fees	-	-	187,466	187,466
Other liabilities	384,501	-	-	384,501
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	2,035,781	15,255	425,325	2,476,361
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	2,289,681	8,805	59,529	2,358,015
FUND BALANCES				
Nonspendable	-	-	378,092	378,092
Restricted	742,773	-	6,036,294	6,779,067
Committed	2,431,456	5,485,404	-	7,916,860
Assigned	1,772,182	-	-	1,772,182
Unassigned	7,656,961	-	(95,304)	7,561,657
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>12,603,372</u>	<u>5,485,404</u>	<u>6,319,082</u>	<u>24,407,858</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,928,834</u>	<u>\$ 5,509,464</u>	<u>\$ 6,803,936</u>	<u>\$ 29,242,234</u>

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, 2017

Total governmental fund balances	\$ 24,407,858
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	97,045,926
<ul style="list-style-type: none">• 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.	3,939,485
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,065,881
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(156,701)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(42,119,232)
<ul style="list-style-type: none">• Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds.	<u>(17,973,583)</u>
Net position of governmental activities	<u><u>\$ 67,209,634</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, 2017

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 41,774,158	\$ 1,031,489	\$ -	\$ 42,805,647
Excises	2,404,146	-	-	2,404,146
Penalties, interest and other taxes	262,384	-	-	262,384
Charges for services	1,049,169	-	2,099,151	3,148,320
Intergovernmental	11,451,898	245,758	3,519,320	15,216,976
Licenses, permits, and fees	680,383	-	-	680,383
Fines and forfeitures	50,433	-	-	50,433
Investment income	136,127	37,474	93,834	267,435
Miscellaneous	327,645	-	325,269	652,914
	<u>58,136,343</u>	<u>1,314,721</u>	<u>6,037,574</u>	<u>65,488,638</u>
Total Revenues				
Expenditures:				
Current:				
General government	1,774,933	537,710	508,040	2,820,683
Public safety	5,953,539	-	296,932	6,250,471
Education	31,772,478	-	2,942,248	34,714,726
Public works	4,033,356	-	3,796,220	7,829,576
Health and human services	1,230,744	-	171,706	1,402,450
Culture and recreation	673,469	-	392,490	1,065,959
Employee benefits	8,292,093	-	-	8,292,093
Debt service	3,183,997	-	36,859	3,220,856
Intergovernmental	1,188,776	-	-	1,188,776
	<u>58,103,385</u>	<u>537,710</u>	<u>8,144,495</u>	<u>66,785,590</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	32,958	777,011	(2,106,921)	(1,296,952)
Other Financing Sources (Uses):				
Transfers in	43,583	-	110,000	153,583
Transfers out	-	(110,000)	(43,583)	(153,583)
	<u>43,583</u>	<u>(110,000)</u>	<u>66,417</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Change in fund balance	76,541	667,011	(2,040,504)	(1,296,952)
Fund Balance, at Beginning of Year	<u>12,526,831</u>	<u>4,818,393</u>	<u>8,359,586</u>	<u>25,704,810</u>
Fund Balance, at End of Year	<u>\$ 12,603,372</u>	<u>\$ 5,485,404</u>	<u>\$ 6,319,082</u>	<u>\$ 24,407,858</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, 2017

Net changes in fund balances - total governmental funds	\$ (1,296,952)												
<ul style="list-style-type: none"> • 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 border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">5,121,115</td> </tr> <tr> <td>Loss on disposal of assets</td> <td style="text-align: right;">(7,415)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(2,876,529)</td> </tr> </table> • 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. (656,581) • 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 border="0" style="margin-left: 40px;"> <tr> <td>Repayments of debt</td> <td style="text-align: right;">2,468,493</td> </tr> <tr> <td>Change in net pension liability and related deferrals</td> <td style="text-align: right;">(548,516)</td> </tr> <tr> <td>Change in net OPEB liability</td> <td style="text-align: right;">(2,374,452)</td> </tr> </table> • 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. 172,120 • 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: 26,261 • 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. (18,140) 		Capital outlay	5,121,115	Loss on disposal of assets	(7,415)	Depreciation	(2,876,529)	Repayments of debt	2,468,493	Change in net pension liability and related deferrals	(548,516)	Change in net OPEB liability	(2,374,452)
Capital outlay	5,121,115												
Loss on disposal of assets	(7,415)												
Depreciation	(2,876,529)												
Repayments of debt	2,468,493												
Change in net pension liability and related deferrals	(548,516)												
Change in net OPEB liability	(2,374,452)												
Change in net position of governmental activities	\$ <u>9,404</u>												

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources:				
Property taxes	\$ 40,769,159	\$ 40,769,159	\$ 40,769,159	\$ -
Excises	1,717,669	1,717,669	2,404,146	686,477
Penalties, interest and other taxes	125,000	125,000	262,384	137,384
Charges for services	1,025,492	1,025,492	1,049,169	23,677
Intergovernmental	5,344,028	5,344,028	5,467,925	123,897
Licenses, permits, and fees	684,718	684,718	680,383	(4,335)
Fines and forfeitures	47,565	47,565	50,433	2,868
Investment income	57,000	57,000	109,289	52,289
Miscellaneous	10,983	10,983	41,539	30,556
Transfers in	899,969	949,969	977,504	27,535
Other sources				
Fund balance reserved for excluded debt	113,830	113,830	113,830	-
Use of free cash	1,410,500	1,874,630	1,874,630	-
Use of overlay surplus	100,000	100,000	100,000	-
Total Revenues and Other Sources	52,305,913	52,820,043	53,900,391	1,080,348
Expenditures and Other Uses:				
General government	2,602,894	2,501,005	2,136,670	364,335
Public safety	5,949,171	5,993,554	5,930,313	63,241
Education	25,769,019	25,819,019	25,813,948	5,071
Public works	2,566,800	3,058,988	3,007,442	51,546
Health and human services	1,431,051	1,433,501	1,208,575	224,926
Culture and recreation	680,609	681,979	674,033	7,946
Employee benefits	8,268,606	8,294,234	8,129,677	164,557
Debt service	3,478,335	3,478,335	3,478,335	-
Intergovernmental	1,229,428	1,229,428	1,188,776	40,652
Transfers out	330,000	330,000	330,000	-
Total Expenditures and Other Uses	52,305,913	52,820,043	51,897,769	922,274
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,002,622	\$ 2,002,622

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

TOWN OF NORWELL, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities Enterprise Funds Water Fund
ASSETS	
Current:	
Cash and short-term investments	\$ 1,948,090
User fees, net of allowance for uncollectibles	<u>722,429</u>
Total current assets	2,670,519
Noncurrent:	
Capital assets	
Land and construction in progress	805,590
Other capital assets, net of accumulated depreciation	<u>10,358,415</u>
Total noncurrent assets	11,164,005
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>300,966</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	14,135,490
LIABILITIES	
Current:	
Warrants payable	41,912
Accrued liabilities	12,571
Bonds payable	155,000
Compensated absences	<u>3,922</u>
Total current liabilities	213,405
Noncurrent:	
Bonds payable, net of current portion	1,260,000
Net pension liability	2,225,516
Net OPEB obligation	2,328,496
Compensated absences, net of current portion	<u>74,525</u>
Total noncurrent liabilities	5,888,537
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	<u>72,515</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,174,457
NET POSITION	
Net investment in capital assets	10,012,428
Unrestricted	<u>(2,051,395)</u>
TOTAL NET POSITION	<u>\$ 7,961,033</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, 2017

	Business-Type Activities Enterprise Funds
	Water Fund
Operating Revenues:	
Charges for services	\$ 1,789,650
Other	<u>747</u>
Total Operating Revenues	1,790,397
Operating Expenses:	
Salaries and benefits	872,740
Other operating expenses	1,039,199
Depreciation	<u>377,926</u>
Total Operating Expenses	<u>2,289,865</u>
Operating Income	(499,468)
Nonoperating Revenues (Expenses):	
Interest expense	<u>(47,519)</u>
Change in Net Position	(546,987)
Net Position at Beginning of Year	<u>8,508,020</u>
Net Position at End of Year	<u>\$ 7,961,033</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, 2017

	Business-Type Activities <u>Enterprise Funds</u>
	<u>Water Fund</u>
<u>Cash Flows From Operating Activities:</u>	
Receipts from customers and users	\$ 1,926,888
Payments to vendors and employees	<u>(1,586,659)</u>
Net Cash Provided By Operating Activities	340,229
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Acquisition and construction of capital assets	(560,627)
Principal payments on bonds	(245,000)
Interest expense	<u>(47,519)</u>
Net Cash Provided By Capital and Related Financing Activities	<u>(853,146)</u>
Net Change in Cash and Short-Term Investments	(512,917)
Cash and Short-Term Investments, Beginning of Year	<u>2,461,007</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ 1,948,090</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</u>	
Operating income	\$ (499,468)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	377,926
Changes in assets, liabilities, and deferred outflows/inflows:	
User fees	136,491
Deferred outflows - related to pensions	(44,142)
Warrants and accounts payable	3,898
Accrued liabilities	(3,394)
Accrued other postemployment benefits	263,829
Deferred inflows - related to pensions	60,428
Net pension liability	<u>44,661</u>
Net Cash Provided By Operating Activities	<u><u>\$ 340,229</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, 2017

	Private Purpose Trust <u>Funds</u>	Other Post-Employment Benefits Trust <u>Fund</u>	Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 6,117	\$ -	\$ 602,157
Investments	100,698	2,329,804	-
Accounts receivable	-	-	115,108
	<u>106,815</u>	<u>2,329,804</u>	<u>717,265</u>
TOTAL ASSETS	106,815	2,329,804	717,265
LIABILITIES			
Accounts payable	-	-	11,459
Accrued liabilities	-	-	705,806
	<u>-</u>	<u>-</u>	<u>717,265</u>
TOTAL LIABILITIES	-	-	717,265
NET POSITION			
TOTAL NET POSITION HELD IN TRUST	\$ <u>106,815</u>	\$ <u>2,329,804</u>	\$ <u>-</u>

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, 2017

	Private Purpose <u>Funds</u>	Other Post-Employment Benefits Trust <u>Fund</u>
Additions:		
Contributions:		
Scholarship	\$ 1,500	\$ -
Employer	-	2,124,096
Investment income	<u>2,449</u>	<u>100,413</u>
Total additions	3,949	2,224,509
Deductions:		
Education	8,300	-
Benefit payments	-	1,790,175
Actuarial fees	<u>-</u>	<u>8,750</u>
Total deductions	<u>8,300</u>	<u>1,798,925</u>
Net (decrease)	(4,351)	425,584
Net position:		
Beginning of year	<u>111,166</u>	<u>1,904,220</u>
End of year	<u>\$ 106,815</u>	<u>\$ 2,329,804</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 2017, 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 nonfiduciary 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*. 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.

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

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 nonoperating revenues and expenses. The Town reports the one major proprietary fund for water operations.

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

The Town reports the following fiduciary funds:

- 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 benefit trust fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- 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 2017 tax levy reflected an excess capacity of \$4,088.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets 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 acquisition 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/deferred outflows and current liabilities/deferred inflows. 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.

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 and proprietary funds.

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). There-

fore, 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 and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 58,136,343	\$ 58,103,385
Other financing sources/uses (GAAP basis)	<u>43,583</u>	<u>-</u>
Subtotal (GAAP Basis)	58,179,926	58,103,385
Adjust tax revenue to accrual basis	(1,004,999)	-
To reverse expenditures of prior year appropriation carryforwards	-	(2,255,285)
To book current year appropriation carryforwards	-	1,403,642
To remove unbudgeted stabilization fund	190,977	200,000
To record use of designated fund balance	113,830	-
To record use of free cash	1,874,630	-
To record use of overlay surplus	100,000	-
To reverse the effect of non- budgeted State contributions for teachers retirement	(5,983,973)	(5,983,973)
Other timing issues	<u>430,000</u>	<u>430,000</u>
Budgetary basis	<u>\$ 53,900,391</u>	<u>\$ 51,897,769</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2017.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Cash and Short-Term Investments

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, 2017, \$4,427,758 of the Town's bank balance of \$26,282,189 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>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>	<u>Rating as of Year End</u>		
					<u>AA</u>	<u>A</u>	<u>BAA</u>
Corporate bonds	\$ 535	N/A	\$ -	\$ -	\$ 102	\$ 260	\$ 173
Equities	2,103	N/A	2,103	-	-	-	-
Mutual funds	1,381	N/A	1,381	-	-	-	-
Federal agency securities	<u>2,010</u>	N/A	-	<u>2,010</u>	-	-	-
Total investments	<u>\$ 6,029</u>		<u>\$ 3,484</u>	<u>\$ 2,010</u>	<u>\$ 102</u>	<u>\$ 260</u>	<u>\$ 173</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 \$6,028,858 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. The Town does not have investments in any one issuer (other than U.S. Treasury securities, government agency securities, and mutual funds) that represent 5% or more of total investments.

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):

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities</u> <u>(in Years)</u>		
		<u>Less</u> <u>Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt Related Securities:				
Corporate bonds	\$ 535	\$ -	\$ 408	\$ 127
Federal agency securities	<u>2,010</u>	<u>252</u>	<u>1,095</u>	<u>663</u>
Total	<u>\$ 2,545</u>	<u>\$ 252</u>	<u>\$ 1,503</u>	<u>\$ 790</u>

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, 2017:

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:			
Corporate bonds	\$ 535	\$ -	\$ 535
Equity securities	2,103	2,103	-
Mutual funds	1,381	1,381	-
Federal agency securities	<u>2,010</u>	<u>-</u>	<u>2,010</u>
Total	<u>\$ 6,029</u>	<u>\$ 3,484</u>	<u>\$ 2,545</u>

5. Taxes and Excises 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.

The day after the final tax bill is due, 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.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Taxes and excise receivables at June 30, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 281	\$ (30)	\$ 251
Personal property taxes	33	(16)	17
Tax liens	1,368	(137)	1,231
Deferred taxes	168	-	168
Total property taxes	1,850	(183)	1,667
Motor vehicle excise	257	(79)	178
Boat excise	2	(1)	1
Total excises	259	(80)	179
Grand total	\$ <u>2,109</u>	\$ <u>(263)</u>	\$ <u>1,846</u>

6. User Fee Receivables

Receivables for user charges and betterments at June 30, 2017 consist of the following:

Billed user fees	\$ 153,077
Unbilled user fees	<u>569,352</u>
Total user fees	\$ <u>722,429</u>

Management estimates that there is no uncollectable user fees. Therefore, no allowance for doubtful accounts has been included.

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2017.

8. Interfund Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Governmental Funds:			
Major Funds:			
General fund	\$ 43,583	\$ -	\$ 43,583
Community preservation	-	(110,000)	(110,000)
Nonmajor Funds:			
Community housing trust	110,000	-	110,000
Other special revenue funds	-	(16,048)	(16,048)
Police station capital project	<u>-</u>	<u>(27,535)</u>	<u>(27,535)</u>
Total	<u>\$ 153,583</u>	<u>\$ (153,583)</u>	<u>\$ -</u>

Of the transfer into the general fund, \$27,535 was transferred to close out the Fire Station capital project fund. The Government's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 77,499	\$ 190	\$ (31)	\$ 77,658
Machinery, equipment, and furnishings	9,110	1,606	(240)	10,476
Infrastructure	<u>26,339</u>	<u>6,212</u>	<u>-</u>	<u>32,551</u>
Total capital assets, being depreciated	112,948	8,008	(271)	120,685
Less accumulated depreciation for:				
Buildings and improvements	(28,121)	(1,582)	24	(29,679)
Machinery, equipment, and furnishings	(6,825)	(523)	240	(7,108)
Infrastructure	<u>(17,540)</u>	<u>(772)</u>	<u>-</u>	<u>(18,312)</u>
Total accumulated depreciation	<u>(52,486)</u>	<u>(2,877)</u>	<u>264</u>	<u>(55,099)</u>
Total capital assets, being depreciated, net	60,462	5,131	(7)	65,586
Capital assets, not being depreciated:				
Land	30,360	-	-	30,360
Construction in progress	<u>3,987</u>	<u>72</u>	<u>(2,959)</u>	<u>1,100</u>
Total capital assets, not being depreciated	<u>34,347</u>	<u>72</u>	<u>(2,959)</u>	<u>31,460</u>
Governmental activities capital assets, net	<u>\$ 94,809</u>	<u>\$ 5,203</u>	<u>\$ (2,966)</u>	<u>\$ 97,046</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,571	\$ -	\$ -	\$ 7,571
Machinery, equipment, and furnishings	1,684	45	-	1,729
Infrastructure	<u>11,244</u>	<u>153</u>	<u>-</u>	<u>11,397</u>
Total capital assets, being depreciated	20,499	198	-	20,697
Less accumulated depreciation for:				
Buildings and improvements	(3,498)	(150)	-	(3,648)
Machinery, equipment, and furnishings	(1,513)	(32)	-	(1,545)
Infrastructure	<u>(4,950)</u>	<u>(196)</u>	<u>-</u>	<u>(5,146)</u>
Total accumulated depreciation	<u>(9,961)</u>	<u>(378)</u>	<u>-</u>	<u>(10,339)</u>
Total capital assets, being depreciated, net	10,538	(180)	-	10,358
Capital assets, not being depreciated:				
Land	<u>443</u>	<u>363</u>	<u>-</u>	<u>806</u>
Total capital assets, not being depreciated	<u>443</u>	<u>363</u>	<u>-</u>	<u>806</u>
Business-type activities capital assets, net	<u>\$ 10,981</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 11,164</u>

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

Governmental Activities:	
General government	\$ 357
Public safety	330
Education	1,378
Public works	725
Health and human services	14
Culture and recreation	<u>73</u>
Total depreciation expense - governmental activities	<u>\$ 2,877</u>
Business-Type Activities:	
Water	<u>\$ 378</u>
Total depreciation expense - business-type activities	<u>\$ 378</u>

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 17.

11. Warrants and Accounts Payable

Warrants payable represent 2017 expenditures paid by July 15, 2017. Accounts payable represent additional 2017 expenditures paid after July 15, 2017.

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 Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/17</u>
School	11/15/22	3.54%	\$ 90,000
School	11/15/22	5.70%	5,190,000
MWPAT	08/01/22	0.00%	18,574
Stormwater	07/15/17	2.00%	31,676
Septic	07/15/27	0.00%	38,407
Council on Aging building	10/01/20	1.50%	120,000
Refunding	04/15/25	1.25%	4,610,000
MWPAT 97-1051-B	07/15/33	0.00%	14,096
General Obligation Bond of 2014	03/15/34	2.76%	5,145,000
General Obligation Bond of 2016	06/30/31	2.00%	<u>3,480,000</u>
Total Governmental Activities:			<u>\$ 18,737,753</u>

<u>Business-Type Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/17</u>
Water	10/01/20	1.50%	\$ 360,000
General Obligation Bond of 2014	03/15/34	2.76%	<u>1,055,000</u>
Total Business-Type Activities:			<u>\$ 1,415,000</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2017 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,942,515	284,637	2,227,152
2023 - 2027	5,030,008	726,657	5,756,665
2028 - 2031	2,387,897	295,290	2,683,187
Thereafter	<u>600,881</u>	<u>31,500</u>	<u>632,381</u>
Total	\$ <u>18,737,753</u>	\$ <u>3,293,661</u>	\$ <u>22,031,414</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	65,000	25,800	90,800
2023 - 2027	310,000	100,050	410,050
2028 - 2032	300,000	51,600	351,600
Thereafter	<u>120,000</u>	<u>6,300</u>	<u>126,300</u>
Total	\$ <u>1,415,000</u>	\$ <u>328,988</u>	\$ <u>1,743,988</u>

C. Changes in General Long-Term Liabilities

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

	Total Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<u>Governmental Activities</u>						
Bonds payable	\$ 21,206	\$ -	\$ (2,468)	\$ 18,738	\$ (2,404)	\$ 16,334
Other:						
Net pension liability	19,628	402	-	20,030	-	20,030
Net OPEB obligation	18,582	4,291	(1,917)	20,956	-	20,956
Compensated absences	<u>2,407</u>	<u>138</u>	<u>(120)</u>	<u>2,425</u>	<u>(121)</u>	<u>2,304</u>
Subtotal - other	<u>40,617</u>	<u>4,831</u>	<u>(2,037)</u>	<u>43,411</u>	<u>(121)</u>	<u>43,290</u>
Totals	\$ <u>61,823</u>	\$ <u>4,831</u>	\$ <u>(4,505)</u>	\$ <u>62,149</u>	\$ <u>(2,525)</u>	\$ <u>59,624</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 1,660	\$ -	\$ (245)	\$ 1,415	\$ (155)	\$ 1,260
Other:						
Net pension liability	2,180	45	-	2,225	-	2,225
Net OPEB obligation	2,064	477	(213)	2,328	-	2,328
Compensated absences	<u>80</u>	<u>2</u>	<u>(4)</u>	<u>78</u>	<u>(4)</u>	<u>74</u>
Subtotal - other	<u>4,324</u>	<u>524</u>	<u>(217)</u>	<u>4,631</u>	<u>(4)</u>	<u>4,627</u>
Totals	\$ <u>5,984</u>	\$ <u>524</u>	\$ <u>(462)</u>	\$ <u>6,046</u>	\$ <u>(159)</u>	\$ <u>5,887</u>

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position 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 Town reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 17. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. 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, 2017:

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, 2017:

	General Fund	CPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 378,092	\$ 378,092
Total Nonspendable	-	-	378,092	378,092
Restricted				
Bonded projects	-	-	253,867	253,867
Special revenue funds	-	-	4,777,804	4,777,804
Reserve for excluded debt	742,773	-	-	742,773
Expendable permanent funds	-	-	1,004,623	1,004,623
Total Restricted	742,773	-	6,036,294	6,779,067
Committed				
For continued appropriations:				
General government	408,053	-	-	408,053
Public safety	15,788	-	-	15,788
Education	53,542	-	-	53,542
Public works	868,778	-	-	868,778
Health and human services	1,109	-	-	1,109
SPED stabilization	50,093	-	-	50,093
Athletic field stabilization	169,801	-	-	169,801
Capital stabilization	864,292	-	-	864,292
Community preservation	-	5,485,404	-	5,485,404
Total Committed	2,431,456	5,485,404	-	7,916,860
Assigned				
For encumbrances:				
General government	11,559	-	-	11,559
Public safety	2,461	-	-	2,461
Education	27,811	-	-	27,811
Public works	10,611	-	-	10,611
Culture and recreation	832	-	-	832
Employee benefits	3,098	-	-	3,098
Reserved for expenditures	1,715,810	-	-	1,715,810
Total Assigned	1,772,182	-	-	1,772,182
Unassigned				
Special revenue	-	-	(95,304)	(95,304)
General stabilization	1,757,860	-	-	1,757,860
General fund	5,899,101	-	-	5,899,101
Total Unassigned	7,656,961	-	(95,304)	7,561,657
Total Fund Balance	\$ 12,603,372	\$ 5,485,404	\$ 6,319,082	\$ 24,407,858

16. 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	\$ 7,656,961
Stabilization fund	(1,757,860)
Tax refund estimate	<u>46,080</u>
Statutory (UMAS) Balance	<u>\$ 5,945,181</u>

17. 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 publicly 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 10 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.

If a participant was a member prior to February 2012, 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, 2017 was \$2,336,032, 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, 2017, the Town reported a liability of \$22,255,164 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Town's proportion was 3.508% percent, and increase of 0.069% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2017, the Town recognized pension expense of \$3,068,548. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 580,560	\$ -
Net difference between projected and actual earnings on pension plan investments	2,148,454	-
Changes of assumptions	-	634,268
Changes in proportion and differences between contributions and proportionate share of contributions	<u>280,648</u>	<u>90,878</u>
Total	<u>\$ 3,009,662</u>	<u>\$ 725,146</u>

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	\$ 810,746
2018	810,746
2019	573,809
2020	<u>89,215</u>
Total	<u>\$ 2,284,516</u>

D. Actuarial Assumptions

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

Inflation	3% of the first \$14,000
Salary increases	3.75% per year
Investment rate of return	8%

It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set

forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of the 2015 Experience Study.

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>Long-term Expected Nominal Rate of Return</u>	<u>Long-term Expected Asset Allocation</u>
US Equity	7.50%	26.50%
Developed markets equity	7.30%	16.00%
Emerging markets equity	9.80%	4.00%
Core bonds	4.20%	11.50%
Foreign bonds	2.40%	3.00%
Emerging markets bonds	5.50%	4.00%
High yield bonds	6.00%	4.00%
Bank loans	5.50%	3.00%
Private equity	9.60%	10.00%
Real estate	6.90%	10.00%
Natural resources	7.00%	1.00%
Infrastructure	7.80%	2.00%
Hedge funds of funds	5.30%	4.00%
Cash	2.80%	1.00%
Total		<u>100.00%</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:

1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$ 27,819,644	\$ 22,255,164	\$ 17,511,666

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.

18. 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 nonemployer 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>Membership 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, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. This valuation used the following assumptions:

- (a) 7.50% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.
- 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	40.0%	6.9%
Core fixed income	13.0%	1.6%
Private equity	10.0%	8.7%
Real estate	10.0%	4.6%
Value added fixed income	10.0%	4.8%
Hedge funds	9.0%	4.0%
Portfolio completion strategies	4.0%	3.6%
Timber/natural resources	4.0%	5.4%
Total	<u>100.0%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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>1% Decrease to 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase to 8.50%</u>
\$ 27,464,000	\$ 22,357,928	\$ 18,022,000

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 2017 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability and pension expense was \$58,662,628 and \$5,983,973 respectively, based on a proportionate share of .262380%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expenditure in the general fund.

19. **Other Post-Employment Benefits – OPEB (GASB 45)**

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 2017 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,

2017, 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)	\$ 4,524,078
Interest on net OPEB obligation	1,032,334
Adjustment to ARC	<u>(787,956)</u>
Annual OPEB cost	4,768,456
Contributions made	<u>(2,130,175)</u>
Increase in net OPEB obligation	2,638,281
Net OPEB obligation - beginning of year	<u>20,646,683</u>
Net OPEB obligation - end of year	\$ <u><u>23,284,964</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>
2017	\$ 4,768,456	45%	\$ 23,284,964
2016	\$ 2,528,223	44%	\$ 20,646,683
2015	\$ 4,662,110	48%	\$ 18,112,466

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><u>57,058,198</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>3.23%</u></u>
Covered payroll (active plan members)	\$ <u><u>28,555,614</u></u>
UAAL as a percentage of covered payroll	<u><u>199.8%</u></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 an open basis. This has been calculated assuming the amortization payment increases at a rate of 4.0%.

20. Other Post-Employment Benefits – OPEB (GASB 74)

On June 15, 2009, the Town established an OPEB Trust fund to provide funding for future employee health care costs.

Investments

The OPEB Trust fund does not have a formal investment policy. At June 30, 2017, investments consisted of \$2,329,804. Concentration and rate of return information was not available.

Net OPEB Liability

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 67,767,559
Plan fiduciary net position	<u>(2,329,805)</u>
Net OPEB liability	<u><u>\$ 65,437,754</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	3.4%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	5.5 percent
Salary increases	4 percent, average, including inflation
Investment rate of return	4 percent, net of OPEB plan investment expense, including inflation

Mortality rates for both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2015, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality rates for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality rates for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2015.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for 2015. As a result of the 2015 actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	24.00%	4.27%
Domestic equity	61.00%	10.46%
International equity	12.00%	11.47%
Real estate	2.00%	12.73%
Cash	1.00%	1.81%
Total	100.00%	
Expected rate of return		9.05%

Discount rate. The discount rate used to measure the total OPEB liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan member will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
\$ 76,748,760	\$ 65,437,754	\$ 56,379,029

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.5 percent) or 1-percentage-point higher (5.5 percent increasing to 6.5 percent) than the current healthcare cost trend rates:

1% Decrease (5.5% decreasing to 4.5%)	Healthcare Cost Trend Rates (5.5%)	1% Increase (5.5% increasing to 6.5%)
\$ 54,408,608	\$ 65,437,754	\$ 79,661,640

21. Commitments and Contingencies

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues 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.

22. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, replacing requirements of Statements No. 45 and 57, effective for the Town beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

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 PROPORTIONATE SHARE (GASB 68)
OF THE NET PENSION LIABILITY

JUNE 30, 2017
(Unaudited)

Plymouth County Contributory Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2017	January 1, 2017	3.508%	\$22,255,164	\$ 9,911,164	224.55%	58.20%
June 30, 2016	January 1, 2015	3.439%	\$21,808,558	\$ 9,955,304	219.06%	56.80%
June 30, 2015	January 1, 2015	3.439%	\$20,043,926	\$ 9,595,474	209.00%	58.88%
		<u>0.069%</u>				

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2017	January 1, 2016	0.262380%	\$ -	\$ 58,662,628	\$ 58,662,628	\$ 16,631,974	-	52.73%
June 30, 2016	January 1, 2015	0.255533%	\$ -	\$ 52,357,798	\$ 52,357,798	\$ 16,197,951	-	55.38%
June 30, 2015	January 1, 2014	0.254049%	\$ -	\$ 40,384,465	\$ 40,384,465	\$ 15,576,999	-	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 (GASB 68)

**JUNE 30, 2017
(Unaudited)**

Plymouth County Contributory Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 2,336,032	\$ 2,336,032	\$ -	\$ 9,911,164	24%
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.

**TOWN OF NORWELL, MASSACHUSETTS
SCHEDULE OF OPEB FUNDING PROGRESS (GASB 45)**

**June 30, 2017
(Unaudited)**

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(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
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedule of Changes in the Net OPEB Liability (GASB 74)

(Unaudited)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 2,742,065
Interest on unfunded liability - time value of \$	2,641,209
Benefit payments, including refunds of member contributions	<u>(1,790,175)</u>
Net change in total OPEB liability	3,593,099
Total OPEB liability - beginning	<u>64,174,460</u>
Total OPEB liability - ending (a)	<u>\$ 67,767,559</u>
 Plan fiduciary net position*	
Contributions - employer	\$ 2,124,096
Net investment income	107,829
Benefit payments, including refunds of member contributions	(1,790,175)
Administrative expense	<u>(16,166)</u>
Net change in plan fiduciary net position	425,584
Plan fiduciary net position - beginning	<u>1,904,221</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,329,805</u>
 Net OPEB liability (asset) - ending (a-b)	<u>\$ 65,437,754</u>

*Reflects certain rounding and immaterial classification differences from Fiduciary Funds Statement of Changes in Fiduciary Net Position.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF NORWELL, MASSACHUSETTS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74)

(Unaudited)

Schedule of Net OPEB Liability

	<u>2017</u>
Total OPEB liability	\$ 67,767,559
Plan fiduciary net position	<u>2,329,805</u>
Net OPEB liability (asset)	<u><u>\$ 65,437,754</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.4%
Covered payroll	\$ 28,555,614
Participating employer net OPEB liability (asset) as a percentage of covered payroll	229.2%

Schedule of Contributions

	<u>2017</u>
Actuarially determined contribution	\$ 2,124,096
Contributions in relation to the actuarially determined contribution	<u>2,124,096</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered payroll	\$ 28,555,614
Contributions as a percentage of covered payroll	7.4%

Schedule of Investment Returns

	<u>2017</u>
Annual money weighted rate of return, net of investment expense	4.71%

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

See notes to Town's financial statements for summary of significant actuarial methods and assumptions.

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, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<u>Taxes</u>				
Property taxes	\$ 40,769,159	\$ 40,769,159	\$ 40,769,159	\$ -
<u>Excises</u>				
Motor vehicle excise	1,715,669	1,715,669	2,402,097	686,428
Other excise	<u>2,000</u>	<u>2,000</u>	<u>2,049</u>	<u>49</u>
Total Excises	1,717,669	1,717,669	2,404,146	686,477
<u>Penalties, Interest and Other Taxes</u>				
Penalties and interest on taxes/excises	125,000	125,000	262,384	137,384
<u>Charges for Services</u>				
Charges for Services - Ambulance	729,631	729,631	747,895	18,264
Rentals	269,861	269,861	274,014	4,153
Departmental revenue - Cemeteries	<u>26,000</u>	<u>26,000</u>	<u>27,260</u>	<u>1,260</u>
Total Charges for Services	1,025,492	1,025,492	1,049,169	23,677
<u>Intergovernmental</u>				
State aid	4,687,447	4,687,447	4,666,416	(21,031)
MSBA reimbursement	656,581	656,581	656,581	-
Other	<u>-</u>	<u>-</u>	<u>144,928</u>	<u>144,928</u>
Total Intergovernmental	5,344,028	5,344,028	5,467,925	123,897
<u>Licenses, permits, and fees</u>				
Fees	167,286	167,286	177,477	10,191
Licenses and permits	<u>517,432</u>	<u>517,432</u>	<u>502,906</u>	<u>(14,526)</u>
Total Licenses and Permits	684,718	684,718	680,383	(4,335)
<u>Fines and Forfeits</u>				
Fines and forfeits	47,565	47,565	50,433	2,868
<u>Investment Income</u>				
Investment income	57,000	57,000	109,289	52,289
<u>Miscellaneous</u>				
Other miscellaneous	10,983	10,983	41,539	30,556
<u>Other Financing Sources</u>				
Transfers in	899,969	949,969	977,504	27,535
Fund balance reserved for excluded debt	113,830	113,830	113,830	-
Use of fund balance	1,410,500	1,874,630	1,874,630	-
Use of overlay surplus	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Other Financing Sources	2,524,299	3,038,429	3,065,964	27,535
Total Revenues and Other Financing Sources	\$ <u>52,305,913</u>	\$ <u>52,820,043</u>	\$ <u>53,900,391</u>	\$ <u>1,080,348</u>

TOWN OF NORWELL MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
General Government				
Town meeting & election				
Salaries	\$ 19,326	\$ 19,326	\$ 11,016	\$ 8,310
Expenses	9,894	9,894	9,894	-
Selectmen				
Salaries	312,112	319,478	319,324	154
Expenses	59,400	59,400	58,052	1,348
Articles	54,000	54,000	42,810	11,190
Advisory board				
Expenses	500	500	259	241
Reserve fund				
Reserve fund	250,000	160,731	-	160,731
Town Accountant				
Salaries	213,004	222,070	222,068	2
Expenses	42,593	42,593	42,575	18
Articles	130,000	71,372	69,657	1,715
Assessors				
Salaries	130,638	130,638	123,611	7,027
Expenses	22,135	22,135	21,632	503
Articles	100,000	100,000	100,000	-
Treasurer/Collector				
Salaries	264,182	279,256	279,256	-
Expenses	84,142	84,142	84,049	93
Legal services				
Legal expenses	100,000	100,000	51,124	48,876
Personnel board				
Expenses	500	500	175	325
Information technology				
Salaries	-	25,000	25,000	-
Expenses	91,000	66,000	46,223	19,777
Town clerk				
Salaries	154,574	157,076	156,293	783
Expenses	4,800	4,800	4,776	24
Board of registrars				
Clerk of Board salary	450	450	450	-
Registrars expenses	4,000	4,000	3,997	3
Conservation commission				
Conservation salaries	94,416	94,416	93,628	788
Conservation expenses	22,650	22,650	19,425	3,225
Articles	-	-	(1,682)	1,682
Planning board				
Salaries	94,416	94,416	43,459	50,957
Planning board expenses	4,380	8,380	12,374	(3,994)
Articles	5,000	5,000	5,000	-
Board of appeals				
Salaries	-	-	-	-
Expenses	1,647	1,647	1,190	457
Commission on disabilities				
Expenses	3,000	3,000	350	2,650
Cushing memorial				
Salaries	34,664	34,664	32,477	2,187
Expenses	31,063	31,063	20,279	10,784
Facilities department				
Salaries	87,108	87,108	77,105	10,003
Expenses	72,300	80,300	69,100	11,200
Articles	98,500	98,500	86,996	11,504
Public building maintenance committee				
Expenses	1,500	1,500	-	1,500
Town reports				
Expenses	3,000	3,000	2,728	272
Beautification				
Expenses	2,000	2,000	2,000	-
Total General Government	<u>2,602,894</u>	<u>2,501,005</u>	<u>2,136,670</u>	<u>364,335</u>

(continued)

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Public Safety</u>				
Police Department				
Salaries	2,463,788	2,494,546	2,402,984	91,562
Expenses	295,550	300,405	391,299	(90,894)
Fire Department				
Salaries	1,947,047	1,947,047	1,925,483	21,564
Expenses	203,500	211,089	211,089	-
Articles	285,000	285,573	275,476	10,097
Ambulance service				
Expenses	83,800	83,800	82,958	842
Emergency management				
Salaries	1,000	1,000	-	1,000
Expenses	10,500	10,500	8,825	1,675
Regional dispatch services				
Regional dispatch expense	415,188	415,188	391,562	23,626
Building department				
Salaries	207,119	207,119	202,500	4,619
Expenses	10,450	10,450	12,668	(2,218)
Sealer weights/measures				
Salaries	6,678	6,678	6,678	-
Expenses	1,515	1,515	168	1,347
Animal control				
Salaries	8,488	1,791	1,791	-
Expenses	2,500	9,805	9,805	-
Harbormaster				
Salaries	5,548	5,548	5,548	-
Expenses	1,500	1,500	1,479	21
Total Public Safety	<u>5,949,171</u>	<u>5,993,554</u>	<u>5,930,313</u>	<u>63,241</u>
<u>Education</u>				
School budget	25,444,860	25,494,860	25,492,082	2,778
Regional school assessment	249,159	249,159	249,159	-
Articles	75,000	75,000	72,707	2,293
Total Education	<u>25,769,019</u>	<u>25,819,019</u>	<u>25,813,948</u>	<u>5,071</u>
<u>Public Works</u>				
Highway department				
Salaries	436,000	463,732	462,070	1,662
Expenses	405,902	405,902	401,490	4,412
Snow removal and sanding	230,000	517,860	517,860	-
Articles	770,000	915,000	907,419	7,581
Trees and grounds				
Salaries	366,670	366,670	342,303	24,367
Expenses	123,228	123,228	114,588	8,640
Articles	160,000	176,850	175,355	1,495
Street lighting				
Street lighting expenses	60,000	74,746	74,746	-
Town cemetery				
Salaries	8,000	8,000	6,000	2,000
Expenses	7,000	7,000	5,611	1,389
Total Public Works	<u>2,566,800</u>	<u>3,058,988</u>	<u>3,007,442</u>	<u>51,546</u>
<u>Health and Human Services</u>				
Board of health				
Salaries	123,135	125,585	125,582	3
Expenses	1,018,689	1,018,689	838,879	179,810
Articles	17,000	17,000	17,000	-
Council on aging				
Salaries	215,948	215,948	186,189	29,759
Expenses	20,000	20,000	25,156	(5,156)
Veterans				
Salaries	8,779	8,779	8,779	-
Expenses	2,500	2,500	2,123	377
Veterans' benefits	25,000	25,000	4,867	20,133
Total Health and Human Services	<u>1,431,051</u>	<u>1,433,501</u>	<u>1,208,575</u>	<u>224,926</u>

(continued)

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<u>Culture and Recreation</u>				
Library				
Salaries	401,304	401,304	393,365	7,939
Expenses	206,800	206,800	206,794	6
Recreation				
Recreation superintendent salary	68,505	69,875	69,874	1
Historical commission				
Expenses	4,000	4,000	4,000	-
Total Culture and Recreation	<u>680,609</u>	<u>681,979</u>	<u>674,033</u>	<u>7,946</u>
<u>Employee Benefits & Unclassified</u>				
Pensions	2,336,032	2,336,032	2,336,032	-
Unemployment compensation	55,000	55,000	33,501	21,499
Group insurance including "opt out"	5,491,874	5,491,874	5,348,816	143,058
Town insurance	385,700	411,328	411,328	-
Total Employee Benefits	<u>8,268,606</u>	<u>8,294,234</u>	<u>8,129,677</u>	<u>164,557</u>
<u>Debt Service</u>				
Under levy debt service	1,216,170	1,216,170	1,216,170	-
Debt exclusion	2,262,165	2,262,165	2,262,165	-
Total Debt Service	<u>3,478,335</u>	<u>3,478,335</u>	<u>3,478,335</u>	<u>-</u>
<u>Intergovernmental</u>				
State assessments	1,229,428	1,229,428	1,188,776	40,652
<u>Other Financing Uses</u>				
Transfers out	330,000	330,000	330,000	-
Total Other Financing Uses	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 52,305,913</u>	<u>\$ 52,820,043</u>	<u>\$ 51,897,769</u>	<u>\$ 922,274</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, 2017

	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	\$ 109,883	\$ (34,516)	\$ 483,148	\$ -	\$ -	\$ 2,169,476	\$ 2,728,915
Investments	-	5,427	-	1,471,367	455,101	127,930	2,059,825
Intergovernmental receivables	12,378	106,179	-	-	-	-	123,910
Betterments not yet due	-	-	-	-	-	59,529	59,529
Total Assets	<u>\$ 122,261</u>	<u>\$ 77,090</u>	<u>\$ 483,148</u>	<u>\$ 1,471,367</u>	<u>\$ 455,101</u>	<u>\$ 2,356,935</u>	<u>\$ 4,972,179</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Warrants and accounts payable	\$ 7,804	\$ 4,199	\$ 2,292	\$ -	\$ -	\$ 28,389	\$ 42,684
Prepaid user fees	-	-	-	-	-	187,466	187,466
Total Liabilities	7,804	4,199	2,292	-	-	215,855	230,150
Deferred Inflows of Resources	-	-	-	-	-	59,529	59,529
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	114,457	72,891	576,160	1,471,367	455,101	2,081,551	4,777,804
Unassigned	-	-	(95,304)	-	-	-	(95,304)
Total Fund Balances	<u>114,457</u>	<u>72,891</u>	<u>480,856</u>	<u>1,471,367</u>	<u>455,101</u>	<u>2,081,551</u>	<u>4,682,500</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 122,261</u>	<u>\$ 77,090</u>	<u>\$ 483,148</u>	<u>\$ 1,471,367</u>	<u>\$ 455,101</u>	<u>\$ 2,356,935</u>	<u>\$ 4,972,179</u>

Capital Project Funds					Permanent Trust Fund	Total Nonmajor Governmental Funds
<u>Cemetery</u>	<u>Road Repair</u>	<u>Police Station</u>	<u>Town Projects</u>	<u>Subtotal</u>		
\$ 35,388	\$ 394,815	\$ -	\$ 16,171	\$ 446,374	\$ 54,608	\$ 3,229,897
-	-	-	-	-	1,330,775	3,390,600
-	-	-	-	-	-	123,910
-	-	-	-	-	-	59,529
<u>\$ 35,388</u>	<u>\$ 394,815</u>	<u>\$ -</u>	<u>\$ 16,171</u>	<u>\$ 446,374</u>	<u>\$ 1,385,383</u>	<u>\$ 6,803,936</u>
\$ -	\$ 183,431	\$ -	\$ 9,076	\$ 192,507	\$ 2,668	\$ 237,859
-	-	-	-	-	-	187,466
-	183,431	-	9,076	192,507	2,668	425,325
-	-	-	-	-	-	59,529
-	-	-	-	-	378,092	378,092
35,388	211,384	-	7,095	253,867	1,004,623	6,036,294
-	-	-	-	-	-	(95,304)
<u>35,388</u>	<u>211,384</u>	<u>-</u>	<u>7,095</u>	<u>253,867</u>	<u>1,382,715</u>	<u>6,319,082</u>
<u>\$ 35,388</u>	<u>\$ 394,815</u>	<u>\$ -</u>	<u>\$ 16,171</u>	<u>\$ 446,374</u>	<u>\$ 1,385,383</u>	<u>\$ 6,803,936</u>

TOWN OF NORWELL, MASSACHUSETTS

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	Special Revenue Funds						Subtotal
	School Lunch	Town Grants	School Grants	Community Housing Fund	Conservation Fund	Other Special Revenues	
Revenues:							
Charges for services	\$ 719,559	\$ -	\$ -	\$ -	\$ -	\$ 1,379,592	\$ 2,099,151
Intergovernmental	101,310	433,495	1,136,400	-	-	304,568	3,519,320
Investment income	-	55	-	34,871	10,618	2,933	48,477
Miscellaneous	-	-	-	245,470	-	25,744	271,214
Total Revenues	820,869	433,550	1,136,400	280,341	10,618	1,712,837	5,938,162
Expenditures:							
Current:							
General government	-	175,292	-	129,843	7,940	48,900	361,975
Public safety	-	17,231	-	-	-	2,313	19,544
Education	829,784	-	1,155,611	-	-	956,853	2,942,248
Public works	-	80,106	-	-	-	-	1,617,376
Health and human services	-	149,840	-	-	-	21,866	171,706
Culture and recreation	-	1,052	-	-	-	391,438	392,490
Debt service:	-	-	-	-	-	36,859	36,859
Total Expenditures	829,784	423,521	1,155,611	129,843	7,940	1,458,229	5,542,198
Excess (deficiency) of revenues over (under) expenditures	(8,915)	10,029	(19,211)	150,498	2,678	254,608	395,964
Other Financing Sources (Uses):							
Transfers in	-	-	-	110,000	-	-	110,000
Transfers out	-	-	-	-	-	(16,048)	(16,048)
Total Other Financing Sources (Uses)	-	-	-	110,000	-	(16,048)	93,952
Net change in fund balances	(8,915)	10,029	(19,211)	260,498	2,678	238,560	489,916
Fund Balances, beginning of year	123,372	62,862	500,067	1,210,869	452,423	1,842,991	4,192,584
Fund Balances, end of year	\$ 114,457	\$ 72,891	\$ 480,856	\$ 1,471,367	\$ 455,101	\$ 2,081,551	\$ 4,682,500

Capital Project Funds					Permanent Trust Fund	Total Nonmajor Governmental Funds
Cemetery	Road Repair	Police Station	Town Projects	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,099,151
-	-	-	-	-	-	3,519,320
-	-	-	-	-	45,357	93,834
-	-	-	-	-	54,055	325,269
-	-	-	-	-	99,412	6,037,574
-	-	-	41,339	41,339	104,726	508,040
-	-	-	277,388	277,388	-	296,932
-	-	-	-	-	-	2,942,248
49,343	2,128,845	-	-	2,178,188	656	3,796,220
-	-	-	-	-	-	171,706
-	-	-	-	-	-	392,490
-	-	-	-	-	-	36,859
<u>49,343</u>	<u>2,128,845</u>	<u>-</u>	<u>318,727</u>	<u>2,496,915</u>	<u>105,382</u>	<u>8,144,495</u>
(49,343)	(2,128,845)	-	(318,727)	(2,496,915)	(5,970)	(2,106,921)
-	-	-	-	-	-	-
-	-	-	-	-	-	110,000
-	-	(27,535)	-	(27,535)	-	(43,583)
-	-	(27,535)	-	(27,535)	-	66,417
(49,343)	(2,128,845)	(27,535)	(318,727)	(2,524,450)	(5,970)	(2,040,504)
<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>8,359,586</u>
<u>\$ 35,388</u>	<u>\$ 211,384</u>	<u>\$ -</u>	<u>\$ 7,095</u>	<u>\$ 253,867</u>	<u>\$ 1,382,715</u>	<u>\$ 6,319,082</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> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	98 - 102
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	103 - 105
<i>Debt Capacity</i> 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.	106 - 108
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	109 - 110
<i>Operating Information</i> 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.	111 - 113

Town of Norwell, Massachusetts										
Net Position by Component										
Last Ten Fiscal Years										
	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
Government Activity										
Net investment in capital assets	\$ 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	\$ 78,562,040
Restricted	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	11,645,923
Unrestricted	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)	(22,998,329)
Total governmental activities net position	\$ 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	\$ 67,209,634
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 10,012,428
Unrestricted	625,585	600,860	634,441	714,322	867,424	861,266	710,838	(1,242,467)	(1,097,588)	(2,051,395)
Total business-type activities net position	\$ 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	\$ 7,961,033
Primary Government										
Net investment in capital assets	\$ 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	\$ 88,574,468
Restricted	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	11,645,923
Unrestricted	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)	(25,049,724)
Total primary government net position	\$ 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	\$ 75,170,667

* 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General government	\$ 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	\$ 4,058,740
Public safety	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	9,930,970
Education	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	40,677,506
Public works	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	5,184,519
Health and human services	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	1,717,504
Cultural and recreation	1,007,019	730,691	1,014,870	992,338	974,869	995,143	902,324	433,487	1,585,395	1,525,205
Interest	1,157,351	1,089,542	1,003,721	910,882	909,350	864,734	768,969	801,978	725,926	696,687
Intergovernmental	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	1,188,776
Employee benefits	5,257,997	7,799,938	8,161,771	8,961,266	8,985,679	9,189,592	9,400,253	9,350,481	*	*
Total governmental activities expenses	43,227,230	47,567,438	48,703,213	50,254,417	51,306,034	54,544,289	57,896,805	55,389,997	58,245,950	64,979,907
Business-type Activities										
Water operations	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	2,337,384
Total business-type activities expenses	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	2,337,384
Total primary government expenses	\$ 44,460,183	\$ 49,132,572	\$ 50,401,756	\$ 51,984,953	\$ 52,990,226	\$ 56,368,541	\$ 59,673,509	\$ 57,484,435	\$ 60,298,927	\$ 67,317,291
Program Revenues										
Governmental Activities										
Charges for services:										
General government	\$ 472,626	\$ 402,059	\$ 398,846	\$ 422,585	\$ 446,294	\$ 552,251	\$ 455,525	\$ 427,815	\$ 461,033	\$ 448,022
Public safety	388,975	587,942	767,773	979,622	1,218,660	1,191,348	1,372,358	1,339,043	1,242,920	1,245,075
Education	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	1,607,497
Public works	37,179	36,187	17,016	21,990	25,735	24,705	23,701	27,097	3,840	27,260
Health and human services	2,877	27,446	95,409	103,831	83,239	81,491	95,625	91,910	81,271	184,405
Cultural and recreation	221,822	202,501	242,295	269,113	289,022	275,567	267,222	291,943	364,544	422,244
Operating grants and contributions	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	11,705,925
Capital grants and contributions	348,921	261,950	56,660	497,572	7,500	582,798	406,197	1,057,513	7,500	1,587,755
Total government activities program revenues	10,614,135	11,839,360	12,429,379	13,050,220	13,829,673	14,670,806	14,924,387	12,943,056	13,443,270	17,228,183
Business-type Activities										
Charges for services:										
Water operations	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	1,789,650
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business - type activities revenues	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	1,789,650
Total primary government revenues	\$ 11,861,426	\$ 13,499,699	\$ 14,240,349	\$ 14,832,125	\$ 15,819,117	\$ 16,480,145	\$ 16,760,401	\$ 15,083,177	\$ 15,556,763	\$ 19,017,833
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (47,751,724)
Business-type activities	14,338	95,205	112,427	51,369	305,252	(14,913)	59,310	45,683	60,516	(547,734)
Total primary government net (expense)	\$ (32,598,757)	\$ (35,632,873)	\$ (36,161,407)	\$ (37,152,828)	\$ (37,171,109)	\$ (39,888,396)	\$ (42,913,108)	\$ (42,401,258)	\$ (44,742,164)	\$ (48,299,458)

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:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real estate and personal property-net of refunds payable	\$ 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	\$ 42,821,370
Excise tax	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	2,500,919
Penalties, interest, and other taxes	235,960	223,647	139,933	170,171	259,981	153,885	101,053	135,049	136,001	262,384
Grants, contributions - not restricted to specific programs	1,410,228	1,235,624	997,167	989,931	934,790	1,005,969	1,141,390	1,095,663	1,150,859	1,242,395
Investment income	531,679	226,027	253,196	201,349	243,343	244,329	302,507	224,035	360,674	267,435
Miscellaneous	685,101	1,053,943	74,161	209,732	268,454	376,213	604,748	675,746	422,843	666,625
Transfers	170,001	170,000	170,000	127,500	(175,423)	(218,466)	92,229	(149,106)	(330,166)	-
Total government activities	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	47,761,128
Business-type activities										
Miscellaneous	1,040	2,084	500	300	300	200	210	7,707	789	747
Transfers	(170,001)	(170,000)	(170,000)	(127,500)	(170,000)	(170,000)	(384,150)	(170,000)	-	-
Total business type activities	(168,961)	(167,916)	(169,500)	(127,200)	(169,700)	(169,800)	(383,940)	(162,293)	789	747
Total primary government	\$ 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	\$ 47,761,875
Changes in Net Position										
Governmental activities	\$ 457,914	\$ (1,246,983)	\$ (2,243,193)	\$ (1,933,378)	\$ (1,856,107)	\$ (101,894)	\$ (1,302,102)	\$ 1,248,723	\$ 353,543	\$ 9,404
Business-type activities	(154,623)	(72,711)	(57,073)	(75,831)	135,552	(184,713)	(324,630)	(116,610)	61,305	(546,987)
Total primary government changes in net position	\$ 303,291	\$ (1,319,694)	\$ (2,300,266)	\$ (2,009,209)	\$ (1,720,555)	\$ (286,607)	\$ (1,626,732)	\$ 1,132,113	\$ 414,848	\$ (537,583)

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
Fund Balance, Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 4,558,754	\$ 2,679,424	\$ 4,489,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	742,773
Committed	-	-	-	3,404,763	3,049,068	3,568,755	2,316,942	2,143,807	3,257,901	2,431,456
Assigned	-	-	-	1,395,651	1,829,042	1,767,433	1,827,907	1,398,194	1,598,931	1,772,182
Unassigned	-	-	-	2,845,100	2,927,122	3,470,917	4,848,692	5,609,599	6,813,396	7,656,961
Total general fund	\$ 8,151,809	\$ 7,263,552	\$ 7,223,465	\$ 9,117,598	\$ 9,152,510	\$ 10,032,198	\$ 10,090,407	\$ 10,126,717	\$ 12,526,831	\$ 12,603,372
All Other Governmental Funds										
Reserved	\$ 669,903	\$ 378,092	\$ 378,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,111,670	9,951,440	11,258,938	-	-	-	-	-	-	-
Capital projects funds	157,848	144,409	111,142	-	-	-	-	-	-	-
Permanent funds	378,092	679,219	658,130	-	-	-	-	-	-	-
Nonspendable	-	-	-	378,092	378,092	378,092	378,092	378,092	378,092	378,092.00
Restricted	-	-	-	4,298,445	4,463,290	5,209,866	9,379,238	5,276,542	7,987,290	6,036,294.00
Committed	-	-	-	-	-	7,227,432	5,550,331	4,751,835	4,818,393	5,485,404.00
Unassigned	-	-	-	-	(6,313.00)	-	(98,827)	-	(5,797)	(95,304.00)
Total all other governmental funds:	\$ 9,317,513	\$ 11,153,160	\$ 12,406,302	\$ 4,676,537	\$ 4,835,069	\$ 12,815,390	\$ 15,208,834	\$ 10,406,469	\$ 13,177,978	\$ 11,804,486

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes net of tax refunds	\$ 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	\$ 42,805,647
Motor vehicle and other excise taxes	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	2,404,146
Penalties, interest and other taxes	120,550	143,463	139,933	170,171	259,981	153,885	101,053	135,049	136,001	262,384
Charges for services	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	3,148,320
Intergovernmental	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	15,216,976
License and permits	491,673	435,729	284,844	485,140	667,516	680,108	758,958	756,884	670,575	680,383
Fines and forfeitures	67,482	83,088	114,061	113,036	90,207	55,649	56,820	39,027	43,241	50,433
Investment income	647,090	306,210	251,670	201,856	243,344	244,328	302,508	224,035	360,673	267,435
Miscellaneous	714,622	1,080,216	239,928	363,296	407,649	545,165	767,227	719,489	428,738	652,914
Total Revenues	44,308,199	46,742,841	46,949,466	48,616,652	50,577,968	55,302,316	56,822,567	54,506,272	55,416,544	65,488,638
Expenditures:										
General government	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	2,820,683
Public safety	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	6,250,471
Education	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	34,714,726
Public works	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	7,829,576
Health and human services	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	1,402,450
Cultural and recreation	961,392	921,314	937,340	942,427	934,443	965,075	958,703	1,027,489	1,028,334	1,065,959
Employee benefits	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	8,292,093
Debt service	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	3,220,856
Intergovernmental	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	1,188,776
Total Expenditures⁽¹⁾	44,784,641	45,965,451	45,908,468	49,047,743	50,174,452	53,953,148	60,535,143	59,123,221	53,714,755	66,785,590
Excess of revenues over/(under) expenditures	(476,442)	777,390	1,040,998	(431,091)	403,516	1,349,168	(3,712,576)	(4,616,949)	1,701,789	(1,296,952)
Other Financing Sources (Uses)										
Issuance of bonds and notes	369,826	-	-	1,300,000	-	862,620	6,072,000	-	3,800,000	-
Transfer in	1,638,872	659,977	362,056	282,500	860,005	204,100	785,956	529,806	1,179,237	153,583
Transfer out	(1,468,871)	(489,977)	(190,000)	(155,000)	(1,035,429)	(422,566)	(693,727)	(678,912)	(1,509,403)	(153,583)
Total other financing sources (uses)	539,827	170,000	172,056	1,427,500	(175,424)	644,154	6,164,229	(149,106)	3,469,834	-
Net change in fund balance	\$ 63,385	\$ 947,390	\$ 1,213,054	\$ 996,409	\$ 228,092	\$ 1,993,322	\$ 2,451,653	\$ (4,766,055)	\$ 5,171,623	\$ (1,296,952)
Debt Service as a percentage of non-capitalized expenditures ⁽²⁾	*	*	*	*	*	*	*	*	6.06%	5.22%

Data source: Audited financial statements

⁽¹⁾Certain Capital Expenditures from various functions have been capitalized on the Statement of Net Assets/Position.

⁽²⁾Capital Outlay Purchases from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities are used to calculate this ratio.

*Information is not available.

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
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
2017	\$ 2,149,241,671	\$16.45	\$ 300,707,832	\$ 29,870,800	\$ 47,474,220	\$ 378,052,852	\$16.45	\$ 2,527,294,523

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	2017			2008		
		Assessed Valuation	Rank	% of Total Taxable Assessed Value	Assessed Valuation	Rank	% of Total Taxable Assessed Value
Foxrock Norwell Campus LLC	Medical Office	\$27,922,300	1	1.10%	-	-	0.00%
Guttman Stephen J Trust	Shopping Plaza Queen Ann	\$22,123,900	2	0.88%	\$19,932,200	2	0.80%
42 Longwater Associates LLC	Environmental/Clean Harbors	\$16,171,000	3	0.64%	\$8,969,100	5	0.36%
TRT Norwell LLC	Stop and Shop Supermarket	\$11,457,900	4	0.45%	\$9,415,000	4	0.38%
Gordon, Ronald L Trustee	Office & Warehouse	\$10,126,200	5	0.40%	\$10,042,700	3	0.40%
Foxrock Assinippi Realty LLC	Office Building	\$9,029,600	6	0.36%	-	-	0.00%
Southwood at Norwell Nursing	Nursing Home	\$8,882,700	7	0.35%	-	-	0.00%
Jumbo Capital Norwell Partnership	Office Building	\$7,541,200	8	0.30%	-	-	0.00%
Danieli John R & Cheryl Trust	Computer IT	\$6,609,800	9	0.26%	\$5,485,000	9	0.22%
600 Cordwainter LLC	Office Building	\$6,423,100	10	0.25%	-	-	0.00%
Totals		<u>\$126,287,700</u>		<u>5.00%</u>	<u>\$ 53,844,000</u>		<u>2.15%</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 ⁽¹⁾		Dollar Amount	% of Net Levy ⁽¹⁾
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%	\$ 289,531	\$ 39,770,057	101.4%
2017	\$ 41,573,994	\$ 804,836	\$ 40,769,158	\$ 40,961,100	100.47%	\$ -	\$ 40,961,100	100.5%

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

⁽¹⁾Net tax levy is calculated using estimated overlay reserved for abatements, not actual abatements.
Unused overlay can result in actual collections exceeding the budgeted tax.

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
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%
2017	11,153	\$ 779,996,208	\$ 2,527,294,523	\$ 18,737,753	\$ 69,936	2.4023%	0.7414%

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
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%
2017	\$ 1,415,000	\$ 20,152,753	69,936	2.58%	0.80%

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, 2017

	Debt Outstanding 6/30/2017	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt ⁽²⁾
Debt repaid with property taxes:			
Plymouth County	\$ 1,925,000	3.53%	\$ 67,953
South Shore Regional Vocational School	575,000	1.33%	7,648
Subtotal, overlapping debt			75,600
Town governmental direct debt			18,737,753
Total direct and overlapping debt			<u>\$ 18,813,353</u>

Data source: Town's Financial Advisor

⁽¹⁾Estimated share based on debt service only.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation (1)	\$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	\$2,543,299,700
Debt Limit - 5% of equalized valuation	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	127,164,985
Less:										
Total debt applicable to limitation (2)	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	14,986,676
Legal debt margin	\$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	\$112,178,309
Total debt applicable to the limit as a percentage of debt limit	8.55%	7.78%	7.05%	7.97%	7.77%	6.68%	12.05%	10.78%	12.73%	11.79%

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
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%
2017	11,153	\$69,936	43.8	2,192	2.40%

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	2017			2008		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Clean Harbors	Environmental Services	620	1	12.61%	412	2	7.98%
South Shore Hospital	Medical Services	502	2	10.21%	-	-	-
Harbor Medical Associates	Medical Services	465	3	9.46%	-	-	-
NVNA and Hospice	Nursing	272	4	5.53%	-	-	-
Southwood at Norwell Nursing Center	Nursing	156	5	3.17%	203	4	3.93%
Signet Electronics	IT/Technology	150	6	3.05%	-	-	-
Super Stop & Shop	Supermarket	140	7	2.85%	156	7	3.02%
Big Y	Supermarket	125	8	2.54%	-	-	-
Avedis Zildjian Company	Manufacturer	107	9	2.18%	-	-	-
Royal Norwell Nursing and Rehab	Nursing	100	10	2.03%	-	-	-
	Total Principal Employers	2637			771		
	Total Town Employment (1)	4916			5164		

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:	17.97	18.56	18.56	17.89	17.80	19.28	20.40	20.40	21.68	22.00
Public Safety:										
Police	31.13	31.42	32.75	32.75	29.95	29.95	29.97	30.01	30.01	30.82
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	1.89	1.89	1.89	1.89	1.89	1.89
Sub-Total	55.13	55.42	56.75	56.75	53.84	53.84	53.86	53.90	53.90	54.71
Education:	230.60	236.70	242.50	239.30	251.60	265.60	271.60	271.20	270.10	267.30
Public Works:										
Highway	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.52	7.52	8.52
Tree and Grounds	4.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Water	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Sub-Total	18.25	20.25	20.25	21.25	21.25	21.25	21.25	21.52	21.52	22.52
Health and Human Services:										
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	3.29	3.29	3.29	3.69	3.83	3.83	3.83	4.01	4.27	4.27
Sub-Total	5.29	5.29	5.29	5.69	5.83	5.83	5.83	6.01	6.27	6.27
Culture and Recreation:										
Library	7.28	7.09	7.42	7.69	7.04	7.20	7.24	7.27	7.27	7.39
Recreation	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Sub-Total	8.88	8.69	9.02	9.29	8.64	8.80	8.84	8.87	8.87	8.99
TOTALS:	336.12	344.91	352.37	350.17	358.96	374.60	381.78	381.90	382.34	381.79

Source: Town of Norwell Budget Manuals

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Town Clerk										
Registered Voters	7,346	7,207	7,276	7,348	7,502	7,398	7,384	7,561	7,913	7,869
Finance										
Taxable property parcels assessed	4,373	4,367	4,399	4,420	4,473	4,476	4,514	4,515	4,526	4,546
Motor vehicles registered	11,940	12,289	12,186	11,887	11,464	11,493	11,727	12,304	12,731	12,542
Police										
Physical arrests	105	109	139	136	89	33	96	72	77	85
Traffic violations	984	1,212	788	558	812	1,211	2,395	1,557	1,295	1,645
Fire										
Calls answered	2,109	2,166	2,151	2,187	2,070	2,322	2,169	2,385	2,380	2,257
Emergency responses	342	355	261	384	296	437	280	377	371	315
Fires extinguished	52	47	43	48	35	50	45	63	58	55
Number of inspections conducted	378	243	292	341	406	427	481	488	478	448
Emergency medical responses	1,182	1,186	1,257	1,154	1,122	1,173	1,300	1,303	1,285	1,220
Building										
Building permits issued	444	397	409	363	468	530	550	626	686	617
Estimated construction value	\$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	\$2,566,910
Public Library										
Volumes of collections	64,948	63,559	63,093	66,522	66,663	69,472	205,124	224,605	218,359	255,310
Total circulation	164,619	166,278	166,435	156,402	165,148	154,134	150,874	145,375	138,899	119,689
Registered borrowers	5,739	5,563	5,521	5,459	5,374	5,379	5,260	5,056	4,929	5,053
Water										
Water main breaks	23.00	20.00	14.00	15.00	22.00	19.00	33.00	19.00	19.00	27.00
Daily average consumption - MGD	1.01	1.00	1.01	0.99	0.99	1.04	1.12	0.99	1.09	1.05
Peak daily consumption - MGD	2.1	1.57	2.10	1.86	1.65	2.08	1.89	1.74	1.99	1.81

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire and Rescue										
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
Public Works										
Miles of street	89.92	89.92	89.15	89.15	88.68	88.69	88.69	88.69	89.09	89.09
Number of storm drains	1507	1507	1507	1507	1507	1507	1507	1507	1507	1507
Recreation										
Number of parks	21	21	21	21	21	21	23	23	23	23
Park acreage	1362	1362	1362	1362	1362	1362	1401	1473	1475	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
Water System										
Miles of water mains	85.5	85.5	85.5	85.75	86.75	87.75	88.84	89.09	89.59	89.59
Number of service connections	3501	3510	3523	3545	3571	3604	3626	3609	3656	3670
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)	2.1	1.57	2.1	2.1	1.75	2.19	1.93	1.85	1.99	1.81
Number of fire hydrants	731	736	743	746	756	766	777	781	786	787

Data source: Town reports
Various Town departments