



**TOWN OF NORWELL, MASSACHUSETTS**

**Comprehensive Annual Financial Report**

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



**TOWN OF NORWELL, MASSACHUSETTS**

**Comprehensive Annual Financial Report  
Annual Financial Statements**

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

**Prepared by:  
The Finance Department**

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**TOWN OF NORWELL, MASSACHUSETTS  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

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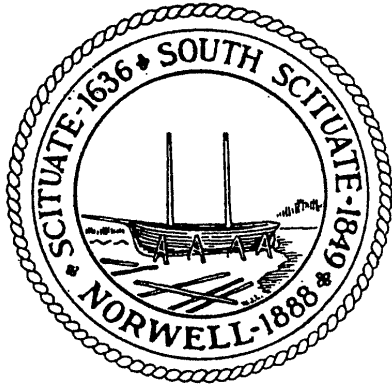
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**INTRODUCTORY  
SECTION**

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

## LETTER OF TRANSMITTAL

December 12, 2018

### **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, 2018 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, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial

statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Norwell's financial statements for the fiscal year ended June 30, 2018, 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

\$6.36 million pending a referendum vote. The referendum vote passed at a special Town election on December 9, 2017 following a December 4, 2017 Special Town Meeting authorization of a debt exclusion borrowing of \$14.9 million. The design phase of the new Library began in fiscal 2018 and the construction phase is expected to begin in the spring of fiscal year 2019.

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 \$12.5 million from the surcharge and \$6.2 million in state matches. Appropriations from the CPA fund totaling \$21.4 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 four 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.

The Town is committed to investing in its roads and from FY16 to FY18 made substantial improvements costing \$8.4 million of which \$2.75 million was reimbursed by the State under its Chapter 90 program. As a result, 31% of its public roads were paved representing 25-30 miles of public roads including 90% of the Town's main thorough ways. With proper maintenance, it is estimated the newly paved roads should have a life span of 12-15 years.

Exotic car dealership McLaren of Boston opened in Norwell in FY17, 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 additional revenue estimated at \$100,000 annually is probable in the coming fiscal year due to the Town's agreeing to file a letter of non-opposition to a medical marijuana cultivation facility. The final licensing of the facility by the Commonwealth will result in additional revenue through a host community mitigation agreement. The amount of actual revenue the Town will receive will be determined by the sales of the facility's product, but the agreement guarantees that it will be more than the total of the property taxes on the land and building.

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 2018 saved over \$279,000 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 2018 of 12.5% of operating expenditures, or \$7.1 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”. In FY18, the Town appropriated \$300,000 bringing the fund balance up to \$1.18 million. The Town’s certified “free cash” has sustained an average of \$2 million for the past 3 years and for the past several years, up to \$200,000 of the amount certified 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 3.54%. The System has a net pension liability of \$535.8 million, with Norwell’s proportionate share being \$19.04 million.

The Town of Norwell also provides post-employment health care benefits for certain retirees and their dependents, paid for on a pay-as-you-go basis. In accordance with the GASB Statement 75, the Town has updated its actuarial valuation. At June 30, 2018, the most recent actuarial valuation, Norwell’s net OPEB liability was an estimated \$38.1 million. In addition, the Town established an OPEB trust, with a \$2.9 million balance at June 30, 2018. Management has initiated appropriations of \$120,000 to \$130,000 into the trust for the past 5 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 its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

**Acknowledgements** – The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the Finance Department. We would like to express our appreciation to all the members of the departments who



assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen, Town Counsel, and the Advisory Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Town, including its finances. Special thanks are due to the audit firm of Melanson Heath, for their advice and assistance in the preparation and the encouragement given to the financial departments.

Respectfully submitted,

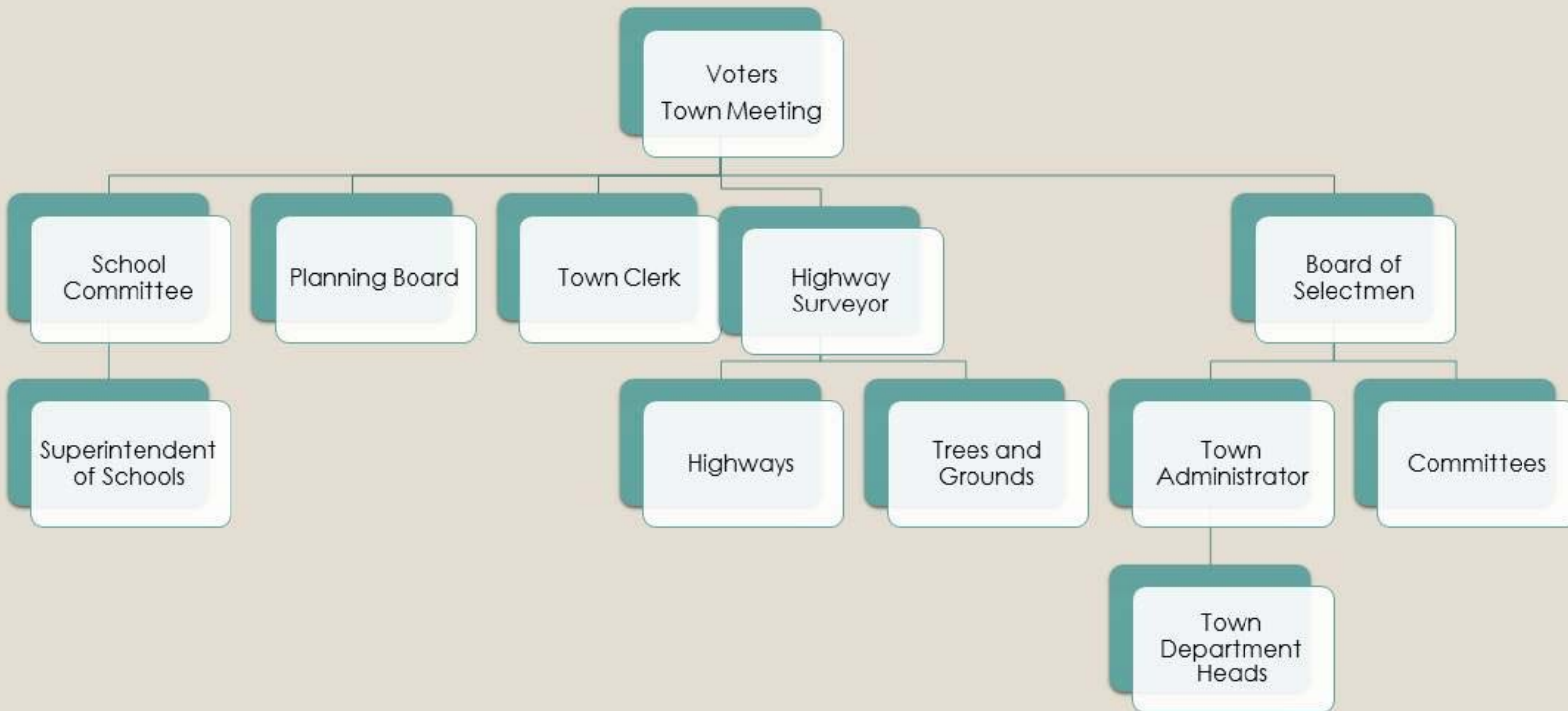
A handwritten signature in blue ink, appearing to read "Peter J. Morin". The signature is stylized with a large initial "P" and "M".

Peter J. Morin  
Town Administrator

A handwritten signature in blue ink, appearing to read "Donna G. Mangan". The signature is cursive and fluid.

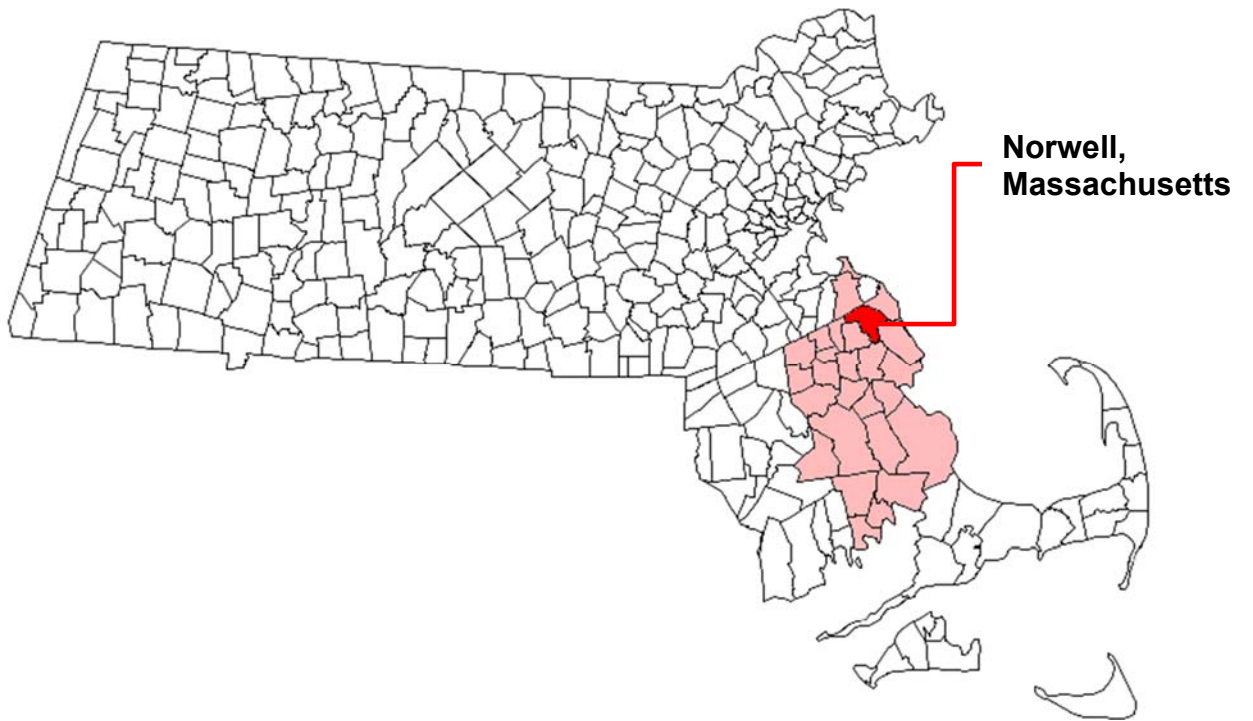
Donna G. Mangan  
Finance Director/Town Accountant

# 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	Gregg McBride	Elected/3 yrs	2019
Selectman	Ellen Allen	Elected/3 yrs	2020
Selectman	Joseph Rull	Elected/3 yrs	2021
Selectman	Alison Demong	Elected/3 yrs	2021
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	Joan Osborne	Elected/3 yrs	2019
Assessor	Susan Kirby	Elected/3 yrs	2020
Assessor	Robert Allen	Elected/3 yrs	2021
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	Christina Kane	Elected/3 yrs	2019
School Committee	Patrick Reed	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	2021
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, 2017**

*Christopher P. Morill*

Executive Director/CEO

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**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, 2018, 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, 2018, 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 77 to 80 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 12, 2018

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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, 2018.

### **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.

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 \$39,468,582 (i.e., net position), a change of \$8,585,576 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$27,001,017, a change of \$2,593,159 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,116,451, a change of \$(540,510) 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 34,305	\$ 32,890	\$ 2,661	\$ 2,670	\$ 36,966	\$ 35,560
Capital assets	97,366	97,046	10,991	11,164	108,357	108,210
Total assets	131,671	129,936	13,652	13,834	145,323	143,770
Deferred outflows of resources	667	2,709	74	301	741	3,010
Long-term liabilities outstanding	69,353	59,624	6,901	5,887	76,254	65,511
Other liabilities	4,517	5,158	218	215	4,735	5,373
Total liabilities	73,870	64,782	7,119	6,102	80,989	70,884
Deferred inflows of resources	23,045	653	2,561	72	25,606	725
Net position:						
Net investment in capital assets	81,965	78,562	9,993	10,012	91,958	88,574
Restricted	12,116	11,646	-	-	12,116	11,646
Unrestricted	(58,658)	(22,998)	(5,947)	(2,051)	(64,605)	(25,049)
Total net position	<u>\$ 35,423</u>	<u>\$ 67,210</u>	<u>\$ 4,046</u>	<u>\$ 7,961</u>	<u>\$ 39,469</u>	<u>\$ 75,171</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 \$39,468,582, a change of \$8,585,576 from the prior year.

The largest portion of net position \$91,957,494 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 \$12,115,895 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 \$(64,604,807) 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,156	\$ 3,935	\$ 1,941	\$ 1,789	\$ 6,097	\$ 5,724
Operating grants	12,028	11,706	-	-	12,028	11,706
Capital grants and contributions	2,519	1,588	-	-	2,519	1,588
General revenues:						
Property taxes	43,984	42,821	-	-	43,984	42,821
Excises	2,398	2,501	-	-	2,398	2,501
Penalties and interest on taxes	165	263	-	-	165	263
Grants and contributions not restricted to specific programs	1,280	1,242	-	-	1,280	1,242
Investment income	255	267	-	-	255	267
Other	834	667	-	1	834	668
Total revenues	67,619	64,990	1,941	1,790	69,560	66,780

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
Expenses:						
General government	3,237	3,252	-	-	3,237	3,252
Public safety	6,898	7,069	-	-	6,898	7,069
Education	42,029	46,406	-	-	42,029	46,406
Public works	4,048	4,740	-	-	4,048	4,740
Human services	1,619	1,583	-	-	1,619	1,583
Culture and recreation	1,091	1,233	-	-	1,091	1,233
Interest on long-term debt	625	697	-	-	625	697
Water	-	-	1,427	2,337	1,427	2,337
Total expenses	<u>59,547</u>	<u>64,980</u>	<u>1,427</u>	<u>2,337</u>	<u>60,974</u>	<u>67,317</u>
Change in net position	8,072	10	514	(547)	8,586	(537)
Net position - beginning of year, as restated	<u>27,351</u>	<u>67,200</u>	<u>3,532</u>	<u>8,508</u>	<u>30,883</u>	<u>75,708</u>
Net position - end of year	<u>\$ 35,423</u>	<u>\$ 67,210</u>	<u>\$ 4,046</u>	<u>\$ 7,961</u>	<u>\$ 39,469</u>	<u>\$ 75,171</u>

Fiscal year 2017 amounts were not restated as the Town applied GASB 75 prospectively.

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$8,071,696. Key elements of this change are as follows:

General fund operating results	\$ (20,868)
Community preservation fund operating results - accrual basis	1,080,379
Nonmajor funds operating results - accrual basis	1,641,068
Excess depreciation over principal maturities, a budgeted expense	(765,217)
Change in other post employment benefits liability and related deferred outflows/inflows	4,567,470
Change in net pension liability and related deferred outflows/inflows	386,978
Other GAAP accruals	<u>1,181,886</u>
Total	<u>\$ 8,071,696</u>

**Business-type activities.** Business-type activities for water operations for the year resulted in a change in net position of \$513,880.

#### **D. FINANCIAL ANALYSIS OF 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 \$27,001,017 a change of \$2,593,159 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ (20,868)
Community preservation fund operating results	985,136
Nonmajor funds operating results	<u>1,628,891</u>
Total	<u>\$ 2,593,159</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 \$7,116,451 while total fund balance was \$12,582,504. 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>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 7,116,451	\$ 7,656,961	\$ (540,510)	12.5%
Total fund balance	\$ 12,582,504	\$ 12,603,372	\$ (20,868)	22.0%

The total fund balance of the general fund changed by \$(20,868) during the current fiscal year. Key factors in this change are as follows:

Excess of state and local revenues over budget	\$ 1,243,953
Budgetary appropriation surplus	711,263
Excess tax collections over budget	349,857
Excess of prior year encumbered appropriations spent in current year over current year encumbrances to be spent in the subsequent year	(208,527)
Use of free cash	(2,452,292)
Use of reserve for excluded debt	(109,147)
Other timing issues	12
Increase in stabilization fund balances	<u>444,013</u>
Total	<u>\$ (20,868)</u>

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

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
Stabilization Fund	\$ 1,785,747	\$ 1,757,860	\$ 27,887
Capital Stabilization Fund	1,179,625	864,292	315,333
Special Education Stabilization Fund	50,223	50,093	130
Athletic Field Stabilization Fund	<u>270,464</u>	<u>169,801</u>	<u>100,663</u>
Total	<u>\$ 3,286,059</u>	<u>\$ 2,842,046</u>	<u>\$ 444,013</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 \$(5,946,565), a change of \$533,596 in comparison to the prior year, as restated. 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 \$1,009,017. The major reasons for this increase was a \$642,545 increase in public works appropriations, primarily related to snow and ice appropriations and a \$284,703 increase in public safety appropriations.

These increases were funded by the use of free cash of \$764,017, use of non-recurring revenues of \$195,000, 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 \$1,243,953 favorable variance, the largest of which, \$703,785 resulted from motor vehicle excise surplus.

Additionally, the Town had departmental turnbacks of \$711,263 largely due to the following:

- Legal expense turnback of \$64,305
- Information technology expense turnback of \$38,424
- Police department salary turnback of \$76,876
- Unemployment compensation turnback of \$33,139
- Group insurance turnback of \$220,864

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$108,357,138 (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:

- Vinal School parking lot repair of \$817,581
- Town ways resurfacing of \$571,755
- Bucket truck purchase of \$209,354
- Sidewalk machine purchase of \$189,300

Additional information on capital assets can be found in the Notes to the Financial Statements (see Note 9).

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$19,033,633, 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 (see Note 13).

## **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, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 25,330,768	\$ 1,978,473	\$ 27,309,241
Investments	3,251,132	-	3,251,132
Receivables, net of allowance for uncollectibles:			
Property taxes	493,262	-	493,262
Excises	95,979	-	95,979
Departmental and other	190,267	-	190,267
User fees	-	681,705	681,705
Intergovernmental	305,150	-	305,150
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	1,300,293	-	1,300,293
Betterments not yet due	55,277	-	55,277
Intergovernmental	3,282,904	-	3,282,904
Capital Assets:			
Land and construction in progress	31,564,707	828,057	32,392,764
Other capital assets, net of accumulated depreciation	65,801,151	10,163,223	75,964,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	<u>667,001</u>	<u>74,111</u>	<u>741,112</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>132,337,891</b>	<b>13,725,569</b>	<b>146,063,460</b>
<b>LIABILITIES</b>			
Current:			
Warrants payable	811,389	47,624	859,013
Accrued liabilities	608,954	11,312	620,266
Tax refunds payable	38,444	-	38,444
Other current liabilities	585,593	-	585,593
Current portion of long-term liabilities:			
Bonds payable	2,342,444	155,000	2,497,444
Compensated absences	129,797	4,127	133,924
Noncurrent:			
Bonds payable, net of current portion	15,431,189	1,105,000	16,536,189
Net pension liability	17,133,326	1,903,703	19,037,029
Net OPEB liability	34,323,186	3,813,687	38,136,873
Compensated absences, net of current portion	2,466,147	78,415	2,544,562
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	1,120,280	124,475	1,244,755
Related to OPEB	<u>21,924,707</u>	<u>2,436,079</u>	<u>24,360,786</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>96,915,456</b>	<b>9,679,422</b>	<b>106,594,878</b>
<b>NET POSITION</b>			
Net investment in capital assets	81,964,782	9,992,712	91,957,494
Restricted for:			
Grants and other statutory restrictions	11,249,643	-	11,249,643
Permanent funds:			
Nonexpendable	438,041	-	438,041
Expendable	428,211	-	428,211
Unrestricted	<u>(58,658,242)</u>	<u>(5,946,565)</u>	<u>(64,604,807)</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>35,422,435</u></b>	<b>\$ <u>4,046,147</u></b>	<b>\$ <u>39,468,582</u></b>

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

TOWN OF NORWELL, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 3,237,189	\$ 574,350	\$ 424,318	\$ -	\$ (2,238,521)	\$ -	\$ (2,238,521)
Public safety	6,898,194	1,234,145	7,511	-	(5,656,538)	-	(5,656,538)
Education	42,028,517	1,708,364	11,518,312	-	(28,801,841)	-	(28,801,841)
Public works	4,047,461	29,375	-	1,246,903	(2,771,183)	-	(2,771,183)
Health and human services	1,618,647	139,774	56,994	-	(1,421,879)	-	(1,421,879)
Culture and recreation	1,091,417	470,182	20,450	1,272,153	671,368	-	671,368
Interest	624,589	-	-	-	(624,589)	-	(624,589)
Total Governmental Activities	59,546,014	4,156,190	12,027,585	2,519,056	(40,843,183)	-	(40,843,183)
<b>Business-Type Activities:</b>							
Water services	1,427,325	1,941,040	-	-	-	513,715	513,715
Total Business-Type Activities	1,427,325	1,941,040	-	-	-	513,715	513,715
Total	\$ 60,973,339	\$ 6,097,230	\$ 12,027,585	\$ 2,519,056	(40,843,183)	513,715	(40,329,468)
<b>General Revenues and Transfers:</b>							
Property taxes					43,983,864	-	43,983,864
Excises					2,397,739	-	2,397,739
Penalties, interest and other taxes					164,894	-	164,894
Grants and contributions not restricted to specific programs					1,279,617	-	1,279,617
Investment income					255,258	-	255,258
Miscellaneous					833,507	165	833,672
Total general revenues					48,914,879	165	48,915,044
Change in Net Position					8,071,696	513,880	8,585,576
<b>Net Position:</b>							
Beginning of year, as restated					27,350,739	3,532,267	30,883,006
End of year					\$ 35,422,435	\$ 4,046,147	\$ 39,468,582

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



TOWN OF NORWELL, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and short-term investments	\$ 13,895,662	\$ 6,471,056	\$ 4,964,050	\$ 25,330,768
Investments	259,066	-	2,992,066	3,251,132
Receivables:				
Property taxes	1,993,328	-	-	1,993,328
Excises	177,236	-	-	177,236
Departmental and other	160,379	66,341	-	226,720
Intergovernmental	7,174	-	297,976	305,150
Betterments not yet due	-	-	55,277	55,277
<b>TOTAL ASSETS</b>	<b>\$ <u>16,492,845</u></b>	<b>\$ <u>6,537,397</u></b>	<b>\$ <u>8,309,369</u></b>	<b>\$ <u>31,339,611</u></b>
<b>LIABILITIES</b>				
Warrants payable	\$ 661,796	\$ 516	\$ 149,077	\$ 811,389
Accrued liabilities	450,607	-	-	450,607
Tax refunds payable	38,444	-	-	38,444
Prepaid user fees	-	-	157,042	157,042
Other liabilities	428,551	-	-	428,551
<b>TOTAL LIABILITIES</b>	<b>1,579,398</b>	<b>516</b>	<b>306,119</b>	<b>1,886,033</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	2,330,943	66,341	55,277	2,452,561
<b>FUND BALANCES</b>				
Nonspendable	-	-	438,041	438,041
Restricted	633,626	-	7,579,831	8,213,457
Committed	2,550,552	6,470,540	-	9,021,092
Assigned	2,281,875	-	-	2,281,875
Unassigned	7,116,451	-	(69,899)	7,046,552
<b>TOTAL FUND BALANCES</b>	<b><u>12,582,504</u></b>	<b><u>6,470,540</u></b>	<b><u>7,947,973</u></b>	<b><u>27,001,017</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>16,492,845</u></b>	<b>\$ <u>6,537,397</u></b>	<b>\$ <u>8,309,369</u></b>	<b>\$ <u>31,339,611</u></b>

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

TOWN OF NORWELL, MASSACHUSETTS

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

JUNE 30, 2018

<b>Total governmental fund balances</b>	\$ 27,001,017
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	97,365,858
<ul style="list-style-type: none"><li>• 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.</li></ul>	3,282,904
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	2,135,078
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(158,347)
<ul style="list-style-type: none"><li>• 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.</li></ul>	<u>(94,204,075)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 35,422,435</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, 2018

	<u>General</u>	<u>Community Preservation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 42,773,419	\$ 1,017,912	\$ -	\$ 43,791,331
Excises	2,480,786	-	-	2,480,786
Penalties, interest and other taxes	164,894	-	-	164,894
Charges for services	1,136,665	-	2,255,860	3,392,525
Intergovernmental	8,825,990	213,820	4,383,802	13,423,612
Licenses and permits	760,230	-	-	760,230
Fines and forfeitures	48,914	-	-	48,914
Investment income	195,917	63,829	(4,488)	255,258
Miscellaneous	606,138	-	67,369	673,507
	<u>56,992,953</u>	<u>1,295,561</u>	<u>6,702,543</u>	<u>64,991,057</u>
<b>Expenditures:</b>				
Current:				
General government	2,019,166	190,425	428,801	2,638,392
Public safety	6,274,230	-	21,234	6,295,464
Education	30,164,039	-	3,432,242	33,596,281
Public works	3,453,414	-	2,192,785	5,646,199
Health and human services	1,437,989	-	78,389	1,516,378
Culture and recreation	674,007	-	543,344	1,217,351
Employee benefits	8,780,653	-	-	8,780,653
Debt service	3,019,619	-	7,444	3,027,063
Intergovernmental	1,280,117	-	-	1,280,117
	<u>57,103,234</u>	<u>190,425</u>	<u>6,704,239</u>	<u>63,997,898</u>
Excess (deficiency) of revenues over expenditures	(110,281)	1,105,136	(1,696)	993,159
<b>Other Financing Sources (Uses):</b>				
Issuance of bonds	-	-	1,600,000	1,600,000
Transfers in	119,413	-	656,844	776,257
Transfers out	(30,000)	(120,000)	(626,257)	(776,257)
	<u>89,413</u>	<u>(120,000)</u>	<u>1,630,587</u>	<u>1,600,000</u>
Change in fund balance	(20,868)	985,136	1,628,891	2,593,159
Fund Balance, at Beginning of Year	<u>12,603,372</u>	<u>5,485,404</u>	<u>6,319,082</u>	<u>24,407,858</u>
Fund Balance, at End of Year	<u>\$ 12,582,504</u>	<u>\$ 6,470,540</u>	<u>\$ 7,947,973</u>	<u>\$ 27,001,017</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, 2018

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 2,593,159</b>																		
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="margin-left: 20px; width: 100%;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">3,489,269</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(3,169,337)</td> </tr> </table> </li> <li>• The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="margin-left: 20px; width: 100%;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(1,440,000)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">2,404,120</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table style="margin-left: 20px; width: 100%;"> <tr> <td></td> <td style="text-align: right;">69,197</td> </tr> </table> </li> <li>• Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. <table style="margin-left: 20px; width: 100%;"> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">386,978</td> </tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">4,567,470</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">(170,933)</td> </tr> </table> </li> <li>• Other differences. <table style="margin-left: 20px; width: 100%;"> <tr> <td></td> <td style="text-align: right;"><u>(658,227)</u></td> </tr> </table> </li> </ul>	Capital outlay	3,489,269	Depreciation	(3,169,337)	Issuance of debt	(1,440,000)	Repayments of debt	2,404,120		69,197	Net pension liability and related deferred outflows and inflows of resources	386,978	Net OPEB liability and related deferred outflows and inflows of resources	4,567,470	Other	(170,933)		<u>(658,227)</u>	
Capital outlay	3,489,269																		
Depreciation	(3,169,337)																		
Issuance of debt	(1,440,000)																		
Repayments of debt	2,404,120																		
	69,197																		
Net pension liability and related deferred outflows and inflows of resources	386,978																		
Net OPEB liability and related deferred outflows and inflows of resources	4,567,470																		
Other	(170,933)																		
	<u>(658,227)</u>																		
<b>Change in net position of governmental activities</b>	<b><u>\$ 8,071,696</u></b>																		

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

TOWN OF NORWELL, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues and Other Sources:</b>				
Property taxes	\$ 42,423,562	\$ 42,423,562	\$ 42,423,562	\$ -
Excises	1,777,000	1,777,000	2,480,785	703,785
Penalties, interest and other taxes	150,000	150,000	164,894	14,894
Charges for services	1,050,000	1,050,000	1,136,665	86,665
Intergovernmental	5,418,812	5,418,812	5,553,672	134,860
Licenses, permits, and fees	630,000	630,000	760,219	130,219
Fines and forfeitures	44,000	44,000	48,914	4,914
Investment income	68,000	68,000	154,280	86,280
Miscellaneous	49,000	244,000	266,923	22,923
Transfers in	561,484	611,484	670,897	59,413
Other sources				
Fund balance reserved for excluded debt	109,147	109,147	109,147	-
Use of free cash	1,688,275	2,452,292	2,452,292	-
<b>Total Revenues and Other Sources</b>	<b>53,969,280</b>	<b>54,978,297</b>	<b>56,222,250</b>	<b>1,243,953</b>
<b>Expenditures and Other Uses:</b>				
General government	2,444,747	2,376,157	2,194,343	181,814
Public safety	6,011,879	6,296,582	6,175,624	120,958
Education	26,813,221	26,878,500	26,878,449	51
Public works	2,683,190	3,325,735	3,275,668	50,067
Health and human services	1,450,985	1,463,256	1,440,143	23,113
Culture and recreation	693,639	693,758	674,002	19,756
Employee benefits	8,807,274	8,879,964	8,620,508	259,456
Debt service	3,244,432	3,244,432	3,218,180	26,252
Intergovernmental	1,309,913	1,309,913	1,280,117	29,796
Transfers out	510,000	510,000	510,000	-
<b>Total Expenditures and Other Uses</b>	<b>53,969,280</b>	<b>54,978,297</b>	<b>54,267,034</b>	<b>711,263</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,955,216	\$ 1,955,216

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

TOWN OF NORWELL, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-Type Activities <u>Enterprise Funds</u> Water <u>Fund</u>
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 1,978,473
User fees, net of allowance for uncollectibles	<u>681,705</u>
Total current assets	2,660,178
Noncurrent:	
Capital assets	
Land and construction in progress	828,057
Other capital assets, net of accumulated depreciation	<u>10,163,223</u>
Total noncurrent assets	10,991,280
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	<u>74,111</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,725,569</b>
<b>LIABILITIES</b>	
Current:	
Warrants payable	47,624
Accrued liabilities	11,312
Current portion of long-term liabilities:	
Bonds payable	155,000
Other	<u>4,127</u>
Total current liabilities	218,063
Noncurrent:	
Bonds payable, net of current portion	1,105,000
Net pension liability	1,903,703
Net OPEB liability	3,813,687
Other, net of current portion	<u>78,415</u>
Total noncurrent liabilities	6,900,805
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	124,475
Related to OPEB	<u>2,436,079</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>9,679,422</b>
<b>NET POSITION</b>	
Net investment in capital assets	9,992,712
Unrestricted	<u>(5,946,565)</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>4,046,147</u></b>

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, 2018

	Business-Type Activities Enterprise Funds
	Water Fund
<b>Operating Revenues:</b>	
Charges for services	\$ 1,941,040
Other	<u>165</u>
Total Operating Revenues	1,941,205
<b>Operating Expenses:</b>	
Salaries and benefits	21,946
Other operating expenses	983,362
Depreciation	<u>379,713</u>
Total Operating Expenses	<u>1,385,021</u>
Operating Income	556,184
<b>Nonoperating Revenues (Expenses):</b>	
Interest expense	<u>(42,304)</u>
Change in Net Position	513,880
Net Position at Beginning of Year, as restated	<u>3,532,267</u>
Net Position at End of Year	<u>\$ 4,046,147</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, 2018

	Business-Type Activities <u>Enterprise Funds</u>
	<u>Water Fund</u>
<b><u>Cash Flows From Operating Activities:</u></b>	
Receipts from customers and users	\$ 1,981,929
Payments to vendors and employees	<u>(1,547,254)</u>
Net Cash Provided By Operating Activities	434,675
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>	
Acquisition and construction of capital assets	(206,988)
Principal payments on bonds	(155,000)
Interest expense	<u>(42,304)</u>
Net Cash (Used For) Capital and Related Financing Activities	<u>(404,292)</u>
Net Change in Cash and Short-Term Investments	30,383
Cash and Short-Term Investments, Beginning of Year	<u>1,948,090</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ 1,978,473</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</u></b>	
Operating income	\$ 556,184
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	379,713
Changes in assets, liabilities, and deferred outflows/inflows:	
User fees	40,724
Deferred outflows - related to pensions	226,855
Warrants and accounts payable	5,712
Accrued liabilities	2,836
Net pension liability	(321,813)
Net OPEB liability	(2,943,575)
Deferred inflows - related to pensions	51,960
Deferred inflows - related to OPEB	<u>2,436,079</u>
Net Cash Provided By Operating Activities	<u><u>\$ 434,675</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, 2018

	Other Post-Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ 4,628	\$ 438,983
Investments	-	121,961	-
Equity investments	1,266,523	-	-
Bond mutual funds	272,408		
Mutual funds	958,566	-	-
Federal securities	250,357	-	-
Corporate debt	122,844	-	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>241,521</u>
<b>TOTAL ASSETS</b>	<u>2,870,698</u>	<u>126,589</u>	<u>680,504</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	17,077
Accrued liabilities	<u>-</u>	<u>-</u>	<u>663,427</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>680,504</u>
<b>NET POSITION</b>			
Restricted for OPEB purposes	2,870,698	-	-
Restricted for other purposes	<u>-</u>	<u>126,589</u>	<u>-</u>
Total net position restricted for pension and other purposes	<u>\$ 2,870,698</u>	<u>\$ 126,589</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, 2018

	Other Post-Employment Benefits Trust Fund	Private Purpose Funds
<b>Additions:</b>		
Contributions:		
Employers	\$ 2,061,866	\$ -
Scholarships	<u>-</u>	<u>26,500</u>
Total contributions	2,061,866	26,500
Investment Income (Loss):		
Interest	183,545	-
Increase (decrease) in fair value of investments	<u>-</u>	<u>(726)</u>
Net investment income (loss)	<u>183,545</u>	<u>(726)</u>
Total additions	2,245,411	25,774
<b>Deductions:</b>		
Benefit payments to plan members, beneficiaries and other systems	1,695,028	-
Other	<u>9,490</u>	<u>6,000</u>
Total deductions	<u>1,704,518</u>	<u>6,000</u>
Net increase	540,893	19,774
<b>Net position:</b>		
Beginning of year	<u>2,329,805</u>	<u>106,815</u>
End of year	<u>\$ 2,870,698</u>	<u>\$ 126,589</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 2018, 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, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension 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 2018 tax levy reflected an excess capacity of \$267.

*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)	\$ 56,992,953	\$ 57,103,234
Other financing sources/uses (GAAP basis)	<u>119,413</u>	<u>30,000</u>
Subtotal (GAAP Basis)	57,112,366	57,133,234
Adjust tax revenue to accrual basis	(349,857)	-
To reverse expenditures of prior year appropriation carryforwards	-	(1,324,142)
To book current year appropriation carryforwards	-	1,115,615
To remove unbudgeted stabilization fund	(94,013)	350,000
To record use of designated fund balance	109,147	-
To record use of free cash	2,452,292	-
To reverse the effect of non- budgeted State contributions for teachers retirement	(3,272,318)	(3,272,318)
Other timing issues	<u>264,633</u>	<u>264,645</u>
Budgetary basis	<u>\$ 56,222,250</u>	<u>\$ 54,267,034</u>

#### D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2018.

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, 2018, \$9,002,974 of the Town’s bank balance of \$28,989,754 was exposed to custodial credit risk as uninsured or uncollateralized. \$3,037,350 of the Town’s uninsured and uncollateralized amount is on deposit with the Massachusetts Municipal Depository Trust.

#### 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	\$ 713	N/A	\$ -	\$ -	\$ 25	\$ 348	\$ 340
Equities	2,259	N/A	2,259	-	-	-	-
Bond mutual funds	534	N/A	77	415	42	-	-
Mutual funds	1,002	N/A	1,002	-	-	-	-
Federal agency securities	<u>1,735</u>	N/A	-	<u>1,735</u>	-	-	-
Total investments	<u>\$ 6,243</u>		<u>\$ 3,338</u>	<u>\$ 2,150</u>	<u>\$ 67</u>	<u>\$ 348</u>	<u>\$ 340</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 \$6,243,791 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 (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt Related Securities:					
Corporate bonds	\$ 713	\$ 25	\$ 447	\$ 241	\$ -
Bond mutual funds	534	-	246	111	177
Federal agency securities	<u>1,735</u>	<u>250</u>	<u>920</u>	<u>565</u>	<u>-</u>
Total	<u>\$ 2,982</u>	<u>\$ 275</u>	<u>\$ 1,613</u>	<u>\$ 917</u>	<u>\$ 177</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 and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Town's and OPEB Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Equity securities and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The Town has the following fair value measurements as of June 30, 2018:

Description	Fair Value Measurements Using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:			
Debt Securities			
Corporate bonds	\$ 713	\$ -	\$ 713
Bond mutual funds	534	-	534
Federal agency securities	1,735	-	1,735
Equity securities	2,259	2,259	-
Mutual funds	1,002	1,002	-
Total	\$ <u>6,243</u>	\$ <u>3,261</u>	\$ <u>2,982</u>

## 5. Property 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.

Property taxes and excise receivables at June 30, 2018 consist of the following (in thousands):

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
<u>Receivables:</u>			
Real estate taxes	\$ 323	\$ (33)	\$ 290
Personal property taxes	43	(23)	20
Tax liens	1,445	(144)	1,301
Deferred taxes	182	-	182
Total property taxes	<u>\$ 1,993</u>	<u>\$ (200)</u>	1,793
Less current portion:			<u>(493)</u>
Noncurrent taxes receivable			<u>\$ 1,300</u>
Motor vehicle excise	\$ 175	\$ (79)	\$ 96
Boat excise	2	(2)	-
Total excises	<u>\$ 177</u>	<u>\$ (81)</u>	<u>\$ 96</u>

**6. User Fee Receivables**

Receivables for user charges and betterments at June 30, 2018 consist of the following:

Billed user fees	\$ 178,840
Unbilled user fees	<u>502,865</u>
Total user fees	<u>\$ 681,705</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 2018.

**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>
Governmental Funds:		
Major Funds:		
General fund	\$ 119,413	\$ (30,000)
Community preservation	-	(120,000)
Nonmajor Funds:		
Community housing trust	120,000	-
Conservation fund	30,000	-
Other special revenue funds	206,844	(119,413)
Town projects	300,000	-
Permanent trust	<u>-</u>	<u>(506,844)</u>
Total	<u>\$ 776,257</u>	<u>\$ (776,257)</u>

The Town'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, 2018 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 77,658	\$ 267	\$ -	\$ 77,925
Machinery, equipment, and furnishings	10,476	986	-	11,462
Infrastructure	<u>32,551</u>	<u>2,131</u>	<u>-</u>	<u>34,682</u>
Total capital assets, being depreciated	120,685	3,384	-	124,069
Less accumulated depreciation for:				
Buildings and improvements	(29,679)	(1,556)	-	(31,235)
Machinery, equipment, and furnishings	(7,108)	(592)	-	(7,700)
Infrastructure	<u>(18,312)</u>	<u>(1,021)</u>	<u>-</u>	<u>(19,333)</u>
Total accumulated depreciation	<u>(55,099)</u>	<u>(3,169)</u>	<u>-</u>	<u>(58,268)</u>
Total capital assets, being depreciated, net	65,586	215	-	65,801
Capital assets, not being depreciated:				
Land	30,360	-	-	30,360
Construction in progress	<u>1,100</u>	<u>105</u>	<u>-</u>	<u>1,205</u>
Total capital assets, not being depreciated	<u>31,460</u>	<u>105</u>	<u>-</u>	<u>31,565</u>
Governmental activities capital assets, net	<u>\$ 97,046</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ 97,366</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,571	\$ -	\$ -	\$ 7,571
Machinery, equipment, and furnishings	1,729	29	-	1,758
Infrastructure	<u>11,397</u>	<u>156</u>	<u>-</u>	<u>11,553</u>
Total capital assets, being depreciated	20,697	185	-	20,882
Less accumulated depreciation for:				
Buildings and improvements	(3,648)	(150)	-	(3,798)
Machinery, equipment, and furnishings	(1,545)	(31)	-	(1,576)
Infrastructure	<u>(5,146)</u>	<u>(199)</u>	<u>-</u>	<u>(5,345)</u>
Total accumulated depreciation	<u>(10,339)</u>	<u>(380)</u>	<u>-</u>	<u>(10,719)</u>
Total capital assets, being depreciated, net	10,358	(195)	-	10,163
Capital assets, not being depreciated:				
Land	<u>806</u>	<u>22</u>	<u>-</u>	<u>828</u>
Total capital assets, not being depreciated	<u>806</u>	<u>22</u>	<u>-</u>	<u>828</u>
Business-type activities capital assets, net	<u>\$ 11,164</u>	<u>\$ (173)</u>	<u>\$ -</u>	<u>\$ 10,991</u>

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

Governmental Activities:	
General government	\$ 424
Public safety	433
Education	1,332
Public works	894
Health and human services	72
Culture and recreation	<u>14</u>
Total depreciation expense - governmental activities	<u>\$ 3,169</u>
Business-Type Activities:	
Water	<u>\$ 380</u>
Total depreciation expense - business-type activities	<u>\$ 380</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, is more fully discussed in the corresponding pension note.

**11. Warrants and Accounts Payable**

Warrants payable represent 2018 expenditures paid by July 15, 2018. Accounts payable represent additional 2018 expenditures paid after July 15, 2018.

**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) % <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/18</u>
School	11/15/22	3.54%	\$ 75,000
School	11/15/22	5.70%	4,325,000
MWPAT	08/01/22	0.00%	15,502
Septic	07/15/27	0.00%	34,916
Council on Aging building	10/01/20	1.50%	90,000
Refunding	04/15/25	1.25%	3,780,000
MWPAT 97-1051-B	07/15/33	0.00%	13,215
General Obligation Bond of 2014	03/15/34	2.76%	4,840,000
General Obligation Bond of 2016	06/30/31	2.00%	3,160,000
Road and Parking Lot Improvement	03/01/28	2.21%	<u>1,440,000</u>
Total Governmental Activities			<u>\$ 17,773,633</u>

<u>Business-Type Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) % <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/18</u>
Water	10/01/20	1.50%	\$ 270,000
General Obligation Bond of 2014	03/15/34	2.76%	<u>990,000</u>
Total Business-Type Activities			<u>\$ 1,260,000</u>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2018 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,342,444	\$ 603,212	\$ 2,945,656
2020	2,237,444	504,737	2,742,181
2021	2,227,444	418,937	2,646,381
2022	2,087,515	334,887	2,422,402
2023	2,072,516	254,186	2,326,702
2024 - 2028	4,341,865	709,281	5,051,146
2029 - 2033	2,164,405	228,980	2,393,385
2034	<u>300,000</u>	<u>10,500</u>	<u>310,500</u>
Total	<u>\$ 17,773,633</u>	<u>\$ 3,064,720</u>	<u>\$ 20,838,353</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	65,000	23,850	88,850
2024 - 2028	305,000	90,450	395,450
2029 - 2033	300,000	41,550	341,550
Thereafter	60,000	2,100	62,100
Total	\$ <u>1,260,000</u>	\$ <u>285,425</u>	\$ <u>1,545,425</u>

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

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

	Total Balance <u>7/1/17</u>	Additions	Reductions	Total Balance <u>6/30/18</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/18</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 18,738	\$ 1,440	\$ (2,404)	\$ 17,774	\$ (2,343)	\$ 15,431
Other:						
Net pension liability	20,030	-	(2,897)	17,133	-	17,133
Net OPEB liability	58,894	-	(24,571)	34,323	-	34,323
Compensated absences	2,425	292	(121)	2,596	(130)	2,466
Subtotal - other	81,349	292	(27,589)	54,052	(130)	53,922
Totals	\$ <u>100,087</u>	\$ <u>1,732</u>	\$ <u>(29,993)</u>	\$ <u>71,826</u>	\$ <u>(2,473)</u>	\$ <u>69,353</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 1,415	\$ -	\$ (155)	\$ 1,260	\$ (155)	\$ 1,105
Other:						
Net pension liability	2,225	-	(321)	1,904	-	1,904
Net OPEB liability	6,544	-	(2,730)	3,814	-	3,814
Compensated absences	78	8	(4)	82	(4)	78
Subtotal - other	8,847	8	(3,055)	5,800	(4)	5,796
Totals	\$ <u>10,262</u>	\$ <u>8</u>	\$ <u>(3,210)</u>	\$ <u>7,060</u>	\$ <u>(159)</u>	\$ <u>6,901</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. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *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, 2018:

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, 2018:

	General Fund	CPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Nonexpendable permanent funds	\$ -	\$ -	\$ 438,041	\$ 438,041
Total Nonspendable	-	-	438,041	438,041
<b>Restricted</b>				
Bonded projects	-	-	2,372,557	2,372,557
Special revenue funds	-	-	4,779,063	4,779,063
Reserve for excluded debt	633,626	-	-	633,626
Expendable permanent funds	-	-	428,211	428,211
Total Restricted	633,626	-	7,579,831	8,213,457
<b>Committed</b>				
For continued appropriations:				
General government	319,056	-	-	319,056
Education	37,743	-	-	37,743
Public works	692,036	-	-	692,036
Health and human services	1,405	-	-	1,405
SPED stabilization	50,223	-	-	50,223
Athletic field stabilization	270,464	-	-	270,464
Capital stabilization	1,179,625	-	-	1,179,625
Community preservation	-	6,470,540	-	6,470,540
Total Committed	2,550,552	6,470,540	-	9,021,092
<b>Assigned</b>				
For encumbrances:				
General government	24,772	-	-	24,772
Public safety	4,379	-	-	4,379
Education	30,340	-	-	30,340
Public works	346	-	-	346
Health and human services	358	-	-	358
Culture and recreation	828	-	-	828
Employee benefits	4,352	-	-	4,352
Reserved for expenditures	2,216,500	-	-	2,216,500
Total Assigned	2,281,875	-	-	2,281,875
<b>Unassigned</b>				
Special revenue	-	-	(69,899)	(69,899)
General stabilization	1,785,747	-	-	1,785,747
General fund	5,330,704	-	-	5,330,704
Total Unassigned	7,116,451	-	(69,899)	7,046,552
Total Fund Balance	\$ 12,582,504	\$ 6,470,540	\$ 7,947,973	\$ 27,001,017

## 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.

Massachusetts general laws include provisions to allow municipalities to over expend certain appropriations if they are incurred in an emergency situation and for the safety of the public. The most common example involves the “snow and ice” appropriation. All such overexpenditures, however, must be funded in the subsequent year’s tax rate.

Massachusetts General Laws require that non-property tax revenue budget short-falls, net of appropriation turnbacks, be funded in the subsequent year. The same treatment is also applied to the excess of actual property tax abatements and exemptions over the provision for abatements and exemptions (overlay).

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	\$ 7,116,451
Stabilization fund	(1,785,747)
Tax refund estimate	<u>38,444</u>
Statutory (UMAS) Balance	<u>\$ 5,369,148</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 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

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, 2018 was \$2,419,382, 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, 2018, the Town reported a liability of \$19,037,029 for its proportionate share of the net pension liability. The net pension liability was measured

as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Town's proportion was 3.541%, an increase of 0.032% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$1,989,403. 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	\$ 414,406	\$ -
Net difference between projected and actual earnings on pension plan investments	-	731,127
Changes of assumptions	-	452,743
Changes in proportion and differences between contributions and proportionate share of contributions	<u>326,706</u>	<u>60,885</u>
Total	<u>\$ 741,112</u>	<u>\$ 1,244,755</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:

2019	\$ 325,547
2020	86,540
2021	(402,153)
2023	<u>(513,577)</u>
Total	<u>\$ (503,643)</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 date of December 31, 2017:

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%)
\$ 24,697,349	\$ 19,037,029	\$ 14,136,194

*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, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. 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 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).
  - Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (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, 2017 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%	5.0%
Portfolio completion strategies	13.0%	3.6%
Core fixed income	12.0%	1.1%
Private equity	11.0%	6.6%
Real estate	10.0%	3.8%
Value added fixed income	10.0%	3.6%
Timber/natural resources	4.0%	3.2%
Hedge funds	0.0%	3.6%
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>
\$ 28,424,300	\$ 22,885,391	\$ 18,193,400

**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 2018 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability and pension expense was \$60,612,999 and \$6,326,355 respectively, based on a proportionate share of 0.264855%. As required by GASB 68, the Town has recognized its portion of the Commonwealth's contribution as both a revenue and expenditure in the general fund, and its portion of the collective pension expense as both a revenue and expense in the governmental activities.

**19. Other Post-Employment Benefits (GASB 74 and GASB 75)**

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future

OPEB costs. In fiscal year 2009, the Town established an OPEB Trust Fund to provide funding for future employee health care costs.

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2018.

A. General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Medex3, Fallon Health Select, Network Blue, BCBS Blue Care Elect PPO, and UniCare State Indemnity. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

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

Plan Membership

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	340
Active employees	<u>413</u>
Total	<u><u>753</u></u>

B. Investments

The OPEB trust fund assets consist of equities, mutual funds, federal securities, and corporate debt.

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.20 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*C. Actuarial Assumptions and Other Inputs*

The net OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.50%, net of OPEB plan investment expense
Municipal bond rate	3.75%
Discount rate	7.50%
Healthcare cost trend rates	5.0% for 2018, fluctuating 0.5%, to an ultimate rate of 4.5% as of 2019 and later years

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 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-2015.

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, 2018 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%	3.90%
Domestic equity	59.00%	10.58%
International equity	12.00%	11.50%
Real estate	4.00%	12.70%
Cash	<u>1.00%</u>	1.80%
Total	<u>100.00%</u>	

*D. Discount Rate*

The discount rate used to measure the net OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the discount rate was based on the investment rate of return of 7.50%.

*E. Net OPEB Liability*

The components of the net OPEB liability, measured as of June 30, 2018, were as follows:

Total OPEB liability	\$ 41,007,571
Plan fiduciary net position	<u>2,870,698</u>
Net OPEB liability	<u>\$ 38,136,873</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.00%

*F. Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/17	\$ 67,767,559	\$ 2,329,805	\$ 65,437,754
Changes for the year:			
Service cost	1,049,278	-	1,049,278
Interest	2,719,106	-	2,719,106
Contributions - employer	-	2,061,866	(2,061,866)
Net investment income	-	183,545	(183,545)
Administrative expense	-	(9,490)	9,490
Differences between expected and actual experience	(1,378,023)	-	(1,378,023)
Changes in assumptions or other inputs	(27,455,321)	-	(27,455,321)
Benefit payments	<u>(1,695,028)</u>	<u>(1,695,028)</u>	<u>-</u>
Net Changes	<u>(26,759,988)</u>	<u>540,893</u>	<u>(27,300,881)</u>
Balances at 6/30/18	<u>\$ 41,007,571</u>	<u>\$ 2,870,698</u>	<u>\$ 38,136,873</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% in 2017 to 7.50% in 2018.



G. 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 one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 43,826,484	\$ 38,136,873	\$ 33,464,048

H. 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 one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 32,828,032	\$ 38,136,873	\$ 44,697,090

I. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized an OPEB expense of \$1,877,260. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 81,842
Change in assumptions	<u>24,278,944</u>
Total	<u>\$ 24,360,786</u>

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ 5,312,682
2020	5,312,682
2021	5,312,684
2022	5,093,357
2023	<u>3,329,381</u>
Total	\$ <u>24,360,786</u>

## 20. 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.

## 21. Beginning Net Position Restatement

The beginning (July 1, 2017) net position of the Town of Norwell has been restated as follows:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
As previously reported	\$ 67,209,634	\$ 7,961,033
GASB 75 Implementation	<u>(39,858,895)</u>	<u>(4,428,766)</u>
As restated	<u>\$ 27,350,739</u>	<u>\$ 3,532,267</u>

## **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, 2018**  
**(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, 2018	December 31, 2017	3.541%	\$19,037,029	\$ 10,307,611	184.69%	65.56%
June 30, 2017	December 31, 2016	3.508%	\$22,255,164	\$ 9,911,164	224.55%	58.20%
June 30, 2016	December 31, 2015	3.439%	\$21,808,558	\$ 9,955,304	219.06%	56.80%
June 30, 2015	December 31, 2014	3.439%	\$20,043,926	\$ 9,595,474	209.00%	58.88%
		<u>0.032%</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, 2018	June 30, 2017	0.264855%	\$ -	\$ 60,612,999	\$ 60,612,999	\$ 17,984,894	-	54.25%
June 30, 2017	June 30, 2016	0.262380%	\$ -	\$ 58,662,628	\$ 58,662,628	\$ 16,631,974	-	52.73%
June 30, 2016	June 30, 2015	0.255533%	\$ -	\$ 52,357,798	\$ 52,357,798	\$ 16,197,951	-	55.38%
June 30, 2015	June 30, 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, 2018  
(Unaudited)**

Plymouth County Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	December 31, 2017	\$ 2,419,382	\$ 2,419,382	\$ -	\$ 10,307,611	23%
June 30, 2017	December 31, 2016	\$ 2,336,032	\$ 2,336,032	\$ -	\$ 9,911,164	24%
June 30, 2016	December 31, 2015	\$ 2,158,588	\$ 2,158,588	\$ -	\$ 9,955,304	22%
June 30, 2015	December 31, 2014	\$ 1,997,369	\$ 1,997,369	\$ -	\$ 9,595,474	21%

Massachusetts Teachers' Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution Provided by Commonwealth</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	June 30, 2017	\$ 3,272,318	\$ 3,272,318	\$ -	\$ 17,984,894	18.19%
June 30, 2017	June 30, 2016	\$ 2,950,676	\$ 2,950,676	\$ -	\$ 16,631,974	17.74%
June 30, 2016	June 30, 2015	\$ 2,611,368	\$ 2,611,368	\$ -	\$ 16,197,951	16.12%
June 30, 2015	June 30, 2014	\$ 2,381,399	\$ 2,381,399	\$ -	\$ 15,576,999	15.29%

*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  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Schedule of Changes in the Net OPEB Liability (GASB 74 AND 75)**

(Unaudited)

	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 1,049,278	\$ 2,742,065
Interest on unfunded liability - time value of \$	2,719,106	2,641,209
Differences between expected and actual experience	(1,378,023)	-
Changes of assumptions	(27,455,321)	-
Benefit payments, including refunds of member contributions	<u>(1,695,028)</u>	<u>(1,790,175)</u>
Net change in total OPEB liability	(26,759,988)	3,593,099
Total OPEB liability - beginning	<u>67,767,559</u>	<u>64,174,460</u>
<b>Total OPEB liability - ending (a)</b>	41,007,571	67,767,559
 <b>Plan fiduciary net position</b>		
Contributions - employer	2,061,866	2,124,096
Net investment income	183,545	107,829
Benefit payments, including refunds of member contributions	(1,695,028)	(1,790,175)
Administrative expense	<u>(9,490)</u>	<u>(16,166)</u>
Net change in plan fiduciary net position	540,893	425,584
Plan fiduciary net position - beginning	<u>2,329,805</u>	<u>1,904,221</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>2,870,698</u>	<u>2,329,805</u>
<b>Net OPEB liability (asset) - ending (a-b)</b>	<u>\$ 38,136,873</u>	<u>\$ 65,437,754</u>

*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 and 75)**

(Unaudited)

**Schedule of Net OPEB Liability**

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 41,007,571	\$ 67,767,559
Plan fiduciary net position	<u>2,870,698</u>	<u>2,329,805</u>
Net OPEB liability (asset)	<u>\$ 38,136,873</u>	<u>\$ 65,437,754</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.0%	3.4%
Covered employee payroll	\$ 31,309,842	\$ 28,555,614
Participating employer net OPEB liability (asset) as a percentage of covered employee payroll	121.8%	229.2%

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 4,313,840	\$ 4,313,840
Contributions in relation to the actuarially determined contribution	<u>2,061,866</u>	<u>2,124,096</u>
Contribution deficiency (excess)	<u>\$ 2,251,974</u>	<u>\$ 2,189,744</u>
Covered employee payroll	\$ 31,309,842	\$ 28,555,614
Contributions as a percentage of covered employee payroll	6.6%	7.4%

**Schedule of Investment Returns**

	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	7.20%	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.



**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, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	Variance Positive <u>(Negative)</u>
<u>Taxes</u>				
Property taxes	\$ 42,423,562	\$ 42,423,562	\$ 42,423,562	\$ -
<u>Excises</u>				
Motor vehicle excise	1,775,000	1,775,000	2,478,673	703,673
Other excise	<u>2,000</u>	<u>2,000</u>	<u>2,112</u>	<u>112</u>
Total Excises	1,777,000	1,777,000	2,480,785	703,785
<u>Penalties, Interest and Other Taxes</u>				
Penalties and interest on taxes/excises	150,000	150,000	164,894	14,894
<u>Charges for Services</u>				
Charges for Services - Ambulance	750,000	750,000	771,752	21,752
Rentals	274,000	274,000	336,118	62,118
Departmental revenue - Cemeteries	<u>26,000</u>	<u>26,000</u>	<u>28,795</u>	<u>2,795</u>
Total Charges for Services	1,050,000	1,050,000	1,136,665	86,665
<u>Intergovernmental</u>				
State aid	4,762,231	4,762,231	4,797,200	34,969
MSBA reimbursement	656,581	656,581	656,581	-
Other	<u>-</u>	<u>-</u>	<u>99,891</u>	<u>99,891</u>
Total Intergovernmental	5,418,812	5,418,812	5,553,672	134,860
<u>Licenses, permits, and fees</u>				
Fees	177,000	177,000	242,570	65,570
Licenses and permits	<u>453,000</u>	<u>453,000</u>	<u>517,649</u>	<u>64,649</u>
Total Licenses and Permits	630,000	630,000	760,219	130,219
<u>Fines and Forfeits</u>				
Fines and forfeits	44,000	44,000	48,914	4,914
<u>Investment Income</u>				
Investment income	68,000	68,000	154,280	86,280
<u>Miscellaneous</u>				
Other miscellaneous	49,000	244,000	266,923	22,923
<u>Other Financing Sources</u>				
Transfers in	561,484	611,484	670,897	59,413
Fund balance reserved for excluded debt	109,147	109,147	109,147	-
Use of fund balance	<u>1,688,275</u>	<u>2,452,292</u>	<u>2,452,292</u>	<u>-</u>
Total Other Financing Sources	2,358,906	3,172,923	3,232,336	59,413
Total Revenues and Other Financing Sources	<u>\$ 53,969,280</u>	<u>\$ 54,978,297</u>	<u>\$ 56,222,250</u>	<u>\$ 1,243,953</u>

TOWN OF NORWELL MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>General Government</b>				
Town meeting & election				
Salaries	\$ 6,764	\$ 6,764	\$ 6,714	\$ 50
Expenses	5,535	6,335	6,308	27
Selectmen				
Salaries	329,136	330,423	330,422	1
Expenses	51,150	51,150	47,033	4,117
Articles	34,000	234,000	230,000	4,000
Advisory board				
Expenses	500	500	240	260
Reserve fund				
Reserve fund	260,000	1,207	-	1,207
Town Accountant				
Salaries	227,491	227,491	227,490	1
Expenses	46,550	46,550	45,781	769
Articles	51,000	23,958	23,958	-
Assessors				
Salaries	138,611	138,611	135,255	3,356
Expenses	22,135	22,135	21,955	180
Treasurer/Collector				
Salaries	294,444	294,444	279,564	14,880
Expenses	81,142	81,142	80,012	1,130
Legal services				
Legal expenses	100,000	100,000	35,695	64,305
Personnel board				
Expenses	500	500	250	250
Information technology				
Salaries	25,000	25,000	25,000	-
Expenses	127,304	127,304	88,880	38,424
Town clerk				
Salaries	163,191	163,191	162,038	1,153
Expenses	4,800	4,800	4,792	8
Articles	-	-	(7)	7
Board of registrars				
Clerk of Board salary	450	450	450	-
Registrars expenses	4,000	4,000	3,892	108
Conservation commission				
Conservation salaries	98,132	108,606	108,606	-
Conservation expenses	22,650	13,650	10,322	3,328
Planning board				
Salaries	97,882	97,882	81,760	16,122
Planning board expenses	4,380	8,380	4,526	3,854
Articles	-	780	780	-
Board of appeals				
Expenses	1,647	1,647	210	1,437
Commission on disabilities				
Expenses	3,000	3,000	2,463	537
Cushing memorial				
Salaries	37,761	37,761	34,855	2,906
Expenses	28,630	28,630	23,282	5,348
Facilities department				
Salaries	87,162	87,162	74,666	12,496
Expenses	63,300	70,198	70,198	-
Articles	20,000	20,000	20,000	-
Public building maintenance committee				
Expenses	1,500	1,500	-	1,500
Town reports				
Expenses	3,000	5,006	5,006	-
Beautification				
Expenses	2,000	2,000	1,947	53
<b>Total General Government</b>	<u>2,444,747</u>	<u>2,376,157</u>	<u>2,194,343</u>	<u>181,814</u>

(continued)

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b><u>Public Safety</u></b>				
Police Department				
Salaries	2,543,946	2,544,893	2,468,017	76,876
Expenses	293,550	327,450	334,718	(7,268)
Articles	29,000	29,000	12,566	16,434
Fire Department				
Salaries	2,035,037	2,078,235	2,074,036	4,199
Expenses	226,000	269,421	270,448	(1,027)
Articles	79,000	242,237	232,329	9,908
Ambulance service				
Expenses	90,300	90,300	76,643	13,657
Emergency management				
Salaries	1,000	1,000	-	1,000
Expenses	10,500	10,500	10,085	415
Regional dispatch services				
Regional dispatch expense	456,124	456,124	456,124	-
Building department				
Salaries	211,081	211,081	209,353	1,728
Expenses	9,900	9,900	9,583	317
Sealer weights/measures				
Salaries	6,678	6,678	6,678	-
Expenses	1,515	1,515	97	1,418
Animal control				
Expenses	11,200	11,200	7,899	3,301
Harbormaster				
Salaries	5,548	5,548	5,548	-
Expenses	1,500	1,500	1,500	-
<b>Total Public Safety</b>	<u>6,011,879</u>	<u>6,296,582</u>	<u>6,175,624</u>	<u>120,958</u>
<b><u>Education</u></b>				
School budget	26,332,976	26,382,976	26,382,925	51
Regional school assessment	249,245	264,524	264,524	-
Articles	231,000	231,000	231,000	-
<b>Total Education</b>	<u>26,813,221</u>	<u>26,878,500</u>	<u>26,878,449</u>	<u>51</u>
<b><u>Public Works</u></b>				
Highway department				
Salaries	570,450	570,450	568,042	2,408
Expenses	359,800	380,904	380,903	1
Snow removal and sanding	249,100	652,046	652,046	-
Articles	589,000	784,000	780,668	3,332
Trees and grounds				
Salaries	324,840	324,840	311,643	13,197
Expenses	130,000	131,345	131,345	-
Articles	340,000	340,000	308,912	31,088
Street lighting				
Street lighting expenses	60,000	78,572	78,571	1
Town cemetery				
Salaries	5,000	5,000	4,961	39
Expenses	5,000	8,578	8,577	1
Articles	50,000	50,000	50,000	-
<b>Total Public Works</b>	<u>2,683,190</u>	<u>3,325,735</u>	<u>3,275,668</u>	<u>50,067</u>
<b><u>Health and Human Services</u></b>				
Board of health				
Salaries	130,323	130,323	130,322	1
Expenses	1,036,072	1,045,122	1,045,122	-
Council on aging				
Salaries	203,836	203,836	202,289	1,547
Expenses	24,200	24,200	23,853	347
Articles	20,275	20,275	12,275	8,000
Veterans				
Salaries	8,779	12,000	12,000	-
Expenses	2,500	2,500	2,339	161
Veterans' benefits	25,000	25,000	11,943	13,057
<b>Total Health and Human Services</b>	<u>1,450,985</u>	<u>1,463,256</u>	<u>1,440,143</u>	<u>23,113</u>

(continued)

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b><u>Culture and Recreation</u></b>				
Library				
Salaries	405,604	405,604	392,727	12,877
Expenses	209,800	209,800	205,667	4,133
Recreation				
Recreation superintendent salary	74,235	74,354	74,354	-
Historical commission				
Expenses	4,000	4,000	1,254	2,746
<b>Total Culture and Recreation</b>	<u>693,639</u>	<u>693,758</u>	<u>674,002</u>	<u>19,756</u>
<b><u>Employee Benefits &amp; Unclassified</u></b>				
Pensions	2,419,382	2,419,382	2,419,382	-
Unemployment compensation	55,000	55,000	21,861	33,139
Group insurance including "opt out"	5,959,592	5,959,592	5,738,728	220,864
Town insurance	373,300	445,990	440,537	5,453
<b>Total Employee Benefits</b>	<u>8,807,274</u>	<u>8,879,964</u>	<u>8,620,508</u>	<u>259,456</u>
<b><u>Debt Service</u></b>				
Under levy debt service	1,065,417	1,065,417	1,039,165	26,252
Debt exclusion	2,179,015	2,179,015	2,179,015	-
<b>Total Debt Service</b>	<u>3,244,432</u>	<u>3,244,432</u>	<u>3,218,180</u>	<u>26,252</u>
<b><u>Intergovernmental</u></b>				
State assessments	1,309,913	1,309,913	1,280,117	29,796
<b><u>Other Financing Uses</u></b>				
Transfers out	510,000	510,000	510,000	-
<b>Total Other Financing Uses</b>	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 53,969,280</u>	<u>\$ 54,978,297</u>	<u>\$ 54,267,034</u>	<u>\$ 711,263</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.
- 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, 2018

	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	\$ 113,980	\$ 69,068	\$ 34,955	\$ -	\$ -	\$ 2,245,135	\$ 2,463,138
Investments	-	8,217	-	1,385,474	481,856	291,993	2,167,540
Intergovernmental receivables	22,052	15,988	259,936	-	-	-	297,976
Betterments not yet due	-	-	-	-	-	55,277	55,277
Total Assets	<u>\$ 136,032</u>	<u>\$ 93,273</u>	<u>\$ 294,891</u>	<u>\$ 1,385,474</u>	<u>\$ 481,856</u>	<u>\$ 2,592,405</u>	<u>\$ 4,983,931</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Warrants and accounts payable	\$ 27,221	\$ 1,019	\$ 2,908	\$ -	\$ -	\$ 31,300	\$ 62,448
Prepaid user fees	-	-	-	-	-	157,042	157,042
Total Liabilities	27,221	1,019	2,908	-	-	188,342	219,490
Deferred Inflows of Resources	-	-	-	-	-	55,277	55,277
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	108,811	92,254	361,882	1,385,474	481,856	2,348,786	4,779,063
Unassigned	-	-	(69,899)	-	-	-	(69,899)
Total Fund Balances	<u>108,811</u>	<u>92,254</u>	<u>291,983</u>	<u>1,385,474</u>	<u>481,856</u>	<u>2,348,786</u>	<u>4,709,164</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 136,032</u>	<u>\$ 93,273</u>	<u>\$ 294,891</u>	<u>\$ 1,385,474</u>	<u>\$ 481,856</u>	<u>\$ 2,592,405</u>	<u>\$ 4,983,931</u>

Capital Project Funds				Permanent Trust Fund	Total Nonmajor Governmental Funds
Cemetery	Road Repair	Town Projects	Subtotal		
\$ 33,132	\$ 896,454	\$ 1,529,600	\$ 2,459,186	\$ 41,726	\$ 4,964,050
-	-	-	-	824,526	2,992,066
-	-	-	-	-	297,976
-	-	-	-	-	55,277
<u>\$ 33,132</u>	<u>\$ 896,454</u>	<u>\$ 1,529,600</u>	<u>\$ 2,459,186</u>	<u>\$ 866,252</u>	<u>\$ 8,309,369</u>
\$ -	\$ 24,675	\$ 61,954	\$ 86,629	\$ -	\$ 149,077
-	-	-	-	-	157,042
-	24,675	61,954	86,629	-	306,119
-	-	-	-	-	55,277
-	-	-	-	438,041	438,041
33,132	871,779	1,467,646	2,372,557	428,211	7,579,831
-	-	-	-	-	(69,899)
<u>33,132</u>	<u>871,779</u>	<u>1,467,646</u>	<u>2,372,557</u>	<u>866,252</u>	<u>7,947,973</u>
<u>\$ 33,132</u>	<u>\$ 896,454</u>	<u>\$ 1,529,600</u>	<u>\$ 2,459,186</u>	<u>\$ 866,252</u>	<u>\$ 8,309,369</u>

TOWN OF NORWELL, MASSACHUSETTS

Combining Statement of Revenues, Expenditures  
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue Funds						Subtotal
	School Lunch	Town Grants	School Grants	Community Housing Fund	Conservation Fund	Other Special Revenues	
Revenues:							
Charges for services	\$ 755,597	\$ -	\$ -	\$ -	\$ -	\$ 1,500,263	\$ 2,255,860
Intergovernmental	117,683	73,337	1,369,535	-	-	304,191	3,111,649
Investment income	-	43	-	(10,249)	(3,245)	(927)	(14,378)
Miscellaneous	-	-	-	-	-	55,174	55,174
Total Revenues	873,280	73,380	1,369,535	(10,249)	(3,245)	1,858,701	5,408,305
Expenditures:							
Current:							
General government	-	10,116	-	195,644	-	181,986	387,746
Public safety	-	16,920	-	-	-	4,314	21,234
Education	878,926	-	1,558,408	-	-	994,908	3,432,242
Public works	-	-	-	-	-	-	1,253,180
Health and human services	-	26,107	-	-	-	52,282	78,389
Culture and recreation	-	874	-	-	-	437,963	438,837
Debt service:	-	-	-	-	-	7,444	7,444
Total Expenditures	878,926	54,017	1,558,408	195,644	-	1,678,897	5,619,072
Excess (deficiency) of revenues over (under) expenditures	(5,646)	19,363	(188,873)	(205,893)	(3,245)	179,804	(210,767)
Other Financing Sources (Uses):							
Bond proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	120,000	30,000	206,844	356,844
Transfers out	-	-	-	-	-	(119,413)	(119,413)
Total Other Financing Sources (Uses)	-	-	-	120,000	30,000	87,431	237,431
Net change in fund balances	(5,646)	19,363	(188,873)	(85,893)	26,755	267,235	26,664
Fund Balances, beginning of year	114,457	72,891	480,856	1,471,367	455,101	2,081,551	4,682,500
Fund Balances, end of year	\$ 108,811	\$ 92,254	\$ 291,983	\$ 1,385,474	\$ 481,856	\$ 2,348,786	\$ 4,709,164

Capital Project Funds				Permanent Trust Fund	Total Nonmajor Governmental Funds
Cemetery	Road Repair	Town Projects	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,255,860
-	-	1,272,153	1,272,153	-	4,383,802
-	-	-	-	9,890	(4,488)
-	-	-	-	12,195	67,369
-	-	1,272,153	1,272,153	22,085	6,702,543
2,256	-	7,095	9,351	31,704	428,801
-	-	-	-	-	21,234
-	-	-	-	-	3,432,242
-	939,605	-	939,605	-	2,192,785
-	-	-	-	-	78,389
-	-	104,507	104,507	-	543,344
-	-	-	-	-	7,444
<u>2,256</u>	<u>939,605</u>	<u>111,602</u>	<u>1,053,463</u>	<u>31,704</u>	<u>6,704,239</u>
(2,256)	(939,605)	1,160,551	218,690	(9,619)	(1,696)
-	1,600,000	-	1,600,000	-	1,600,000
-	-	300,000	300,000	-	656,844
-	-	-	-	(506,844)	(626,257)
-	1,600,000	300,000	1,900,000	(506,844)	1,630,587
(2,256)	660,395	1,460,551	2,118,690	(516,463)	1,628,891
<u>35,388</u>	<u>211,384</u>	<u>7,095</u>	<u>253,867</u>	<u>1,382,715</u>	<u>6,319,082</u>
<u>\$ 33,132</u>	<u>\$ 871,779</u>	<u>\$ 1,467,646</u>	<u>\$ 2,372,557</u>	<u>\$ 866,252</u>	<u>\$ 7,947,973</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 Town'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										
	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
<b>Government Activity</b>										
Net investment in capital assets	\$ 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	\$ 81,964,782
Restricted	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	12,055,946
Unrestricted	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)	(58,598,293)
Total governmental activities net position	\$ 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	\$ 35,422,435
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 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	\$ 9,992,712
Unrestricted	600,860	634,441	714,322	867,424	861,266	710,838	(1,242,467)	(1,097,588)	(2,051,395)	(5,946,565)
Total business-type activities net position	\$ 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	\$ 4,046,147
<b>Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 91,957,494
Restricted	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	12,055,946
Unrestricted	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)	(64,544,858)
Total primary government net position	\$ 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	\$ 39,468,582

\* 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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 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	\$ 3,237,189
Public safety	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	6,898,194
Education	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	42,028,517
Public works	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	4,047,461
Health and human services	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	1,618,647
Cultural and recreation	730,691	1,014,870	992,338	974,869	995,143	902,324	433,487	1,585,395	1,525,205	1,091,417
Interest	1,089,542	1,003,721	910,882	909,350	864,734	768,969	801,978	725,926	696,687	624,589
Intergovernmental	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	7,799,938	8,161,771	8,961,266	8,985,679	9,189,592	9,400,253	9,350,481	*	*	*
<b>Total governmental activities expenses</b>	<b>47,567,438</b>	<b>48,703,213</b>	<b>50,254,417</b>	<b>51,306,034</b>	<b>54,544,289</b>	<b>57,896,805</b>	<b>55,389,997</b>	<b>58,245,950</b>	<b>64,979,907</b>	<b>59,546,014</b>
<b>Business-type Activities</b>										
Water operations	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	1,427,325
<b>Total business-type activities expenses</b>	<b>1,565,134</b>	<b>1,698,543</b>	<b>1,730,536</b>	<b>1,684,192</b>	<b>1,824,252</b>	<b>1,776,704</b>	<b>2,094,438</b>	<b>2,052,977</b>	<b>2,337,384</b>	<b>1,427,325</b>
<b>Total primary government expenses</b>	<b>\$ 49,132,572</b>	<b>\$ 50,401,756</b>	<b>\$ 51,984,953</b>	<b>\$ 52,990,226</b>	<b>\$ 56,368,541</b>	<b>\$ 59,673,509</b>	<b>\$ 57,484,435</b>	<b>\$ 60,298,927</b>	<b>\$ 67,317,291</b>	<b>\$ 60,973,339</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for services:</b>										
General government	\$ 402,059	\$ 398,846	\$ 422,585	\$ 446,294	\$ 552,251	\$ 455,525	\$ 427,815	\$ 461,033	\$ 448,022	\$ 574,350
Public safety	587,942	767,773	979,622	1,218,660	1,191,348	1,372,358	1,339,043	1,242,920	1,245,075	1,234,145
Education	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	1,708,364
Public works	36,187	17,016	21,990	25,735	24,705	23,701	27,097	3,840	27,260	29,375
Health and human services	27,446	95,409	103,831	83,239	81,491	95,625	91,910	81,271	184,405	139,774
Cultural and recreation	202,501	242,295	269,113	289,022	275,567	267,222	291,943	364,544	422,244	470,182
Operating grants and contributions	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	12,027,585
Capital grants and contributions	261,950	56,660	497,572	7,500	582,798	406,197	1,057,513	7,500	1,587,755	2,519,056
<b>Total government activities program revenues</b>	<b>11,839,360</b>	<b>12,429,379</b>	<b>13,050,220</b>	<b>13,829,673</b>	<b>14,670,806</b>	<b>14,924,387</b>	<b>12,943,056</b>	<b>13,443,270</b>	<b>17,228,183</b>	<b>18,702,831</b>
<b>Business-type Activities</b>										
<b>Charges for services:</b>										
Water operations	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	1,941,040
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business - type activities revenues</b>	<b>1,660,339</b>	<b>1,810,970</b>	<b>1,781,905</b>	<b>1,989,444</b>	<b>1,809,339</b>	<b>1,836,014</b>	<b>2,140,121</b>	<b>2,113,493</b>	<b>1,789,650</b>	<b>1,941,040</b>
<b>Total primary government revenues</b>	<b>\$ 13,499,699</b>	<b>\$ 14,240,349</b>	<b>\$ 14,832,125</b>	<b>\$ 15,819,117</b>	<b>\$ 16,480,145</b>	<b>\$ 16,760,401</b>	<b>\$ 15,083,177</b>	<b>\$ 15,556,763</b>	<b>\$ 19,017,833</b>	<b>\$ 20,643,871</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (40,843,183)
Business-type activities	95,205	112,427	51,369	305,252	(14,913)	59,310	45,683	60,516	(547,734)	513,715
<b>Total primary government net (expense)</b>	<b>\$ (35,632,873)</b>	<b>\$ (36,161,407)</b>	<b>\$ (37,152,828)</b>	<b>\$ (37,171,109)</b>	<b>\$ (39,888,396)</b>	<b>\$ (42,913,108)</b>	<b>\$ (42,401,258)</b>	<b>\$ (44,742,164)</b>	<b>\$ (48,299,458)</b>	<b>\$ (40,329,468)</b>

Data source: Audited financial statements

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

\*\*Beginning in FY18 the Intergovernmental have been allocated to the various applicable function

Town of Norwell, Massachusetts										
Change in Net Position										
Last Ten Fiscal Years										
continued:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real estate and personal property-net of refunds payable	\$ 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	\$ 43,983,864
Excise tax	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	2,397,739
Penalties, interest, and other taxes	223,647	139,933	170,171	259,981	153,885	101,053	135,049	136,001	262,384	164,894
Grants, contributions - not restricted to specific programs	1,235,624	997,167	989,931	934,790	1,005,969	1,141,390	1,095,663	1,150,859	1,242,395	1,279,617
Investment income	226,027	253,196	201,349	243,343	244,329	302,507	224,035	360,674	267,435	255,258
Miscellaneous	1,053,943	74,161	209,732	268,454	376,213	604,748	675,746	422,843	666,625	833,507
Transfers	170,000	170,000	127,500	(175,423)	(218,466)	92,229	(149,106)	(330,166)	-	-
<b>Total government activities</b>	<b>34,481,095</b>	<b>34,030,641</b>	<b>35,270,819</b>	<b>35,620,254</b>	<b>39,771,589</b>	<b>41,670,316</b>	<b>43,695,664</b>	<b>45,156,223</b>	<b>47,761,128</b>	<b>48,914,879</b>
Business-type activities										
Miscellaneous	2,084	500	300	300	200	210	7,707	789	747	165
Transfers	(170,000)	(170,000)	(127,500)	(170,000)	(170,000)	(384,150)	(170,000)	-	-	-
<b>Total business type activities</b>	<b>(167,916)</b>	<b>(169,500)</b>	<b>(127,200)</b>	<b>(169,700)</b>	<b>(169,800)</b>	<b>(383,940)</b>	<b>(162,293)</b>	<b>789</b>	<b>747</b>	<b>165</b>
<b>Total primary government</b>	<b>\$ 34,313,179</b>	<b>\$ 33,861,141</b>	<b>\$ 35,143,619</b>	<b>\$ 35,450,554</b>	<b>\$ 39,601,789</b>	<b>\$ 41,286,376</b>	<b>\$ 43,533,371</b>	<b>\$ 45,157,012</b>	<b>\$ 47,761,875</b>	<b>\$ 48,915,044</b>
Changes in Net Position										
Governmental activities	\$ (1,246,983)	\$ (2,243,193)	\$ (1,933,378)	\$ (1,856,107)	\$ (101,894)	\$ (1,302,102)	\$ 1,248,723	\$ 353,543	\$ 9,404	\$ 8,071,696
Business-type activities	(72,711)	(57,073)	(75,831)	135,552	(184,713)	(324,630)	(116,610)	61,305	(546,987)	513,880
<b>Total primary government changes in net position</b>	<b>\$ (1,319,694)</b>	<b>\$ (2,300,266)</b>	<b>\$ (2,009,209)</b>	<b>\$ (1,720,555)</b>	<b>\$ (286,607)</b>	<b>\$ (1,626,732)</b>	<b>\$ 1,132,113</b>	<b>\$ 414,848</b>	<b>\$ (537,583)</b>	<b>\$ 8,585,576</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$ 2,679,424	\$ 4,489,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	633,626
Committed	-	-	3,404,763	3,049,068	3,568,755	2,316,942	2,143,807	3,257,901	2,431,456	2,550,552
Assigned	-	-	1,395,651	1,829,042	1,767,433	1,827,907	1,398,194	1,598,931	1,772,182	2,281,875
Unassigned	-	-	2,845,100	2,927,122	3,470,917	4,848,692	5,609,599	6,813,396	7,656,961	7,116,451
<b>Total general fund</b>	<b>\$ 7,263,552</b>	<b>\$ 7,223,465</b>	<b>\$ 9,117,598</b>	<b>\$ 9,152,510</b>	<b>\$ 10,032,198</b>	<b>\$ 10,090,407</b>	<b>\$ 10,126,717</b>	<b>\$ 12,526,831</b>	<b>\$ 12,603,372</b>	<b>\$ 12,582,504</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 378,092	\$ 378,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	9,951,440	11,258,938	-	-	-	-	-	-	-	-
Capital projects funds	144,409	111,142	-	-	-	-	-	-	-	-
Permanent funds	679,219	658,130	-	-	-	-	-	-	-	-
Nonspendable	-	-	378,092	378,092	378,092	378,092	378,092	378,092	378,092	438,041
Restricted	-	-	4,298,445	4,463,290	5,209,866	9,379,238	5,276,542	7,987,290	6,036,294	7,579,831
Committed	-	-	-	-	7,227,432	5,550,331	4,751,835	4,818,393	5,485,404	6,470,540
Unassigned	-	-	-	(6,313.00)	-	(98,827)	-	(5,797)	(95,304)	(69,899)
<b>Total all other governmental funds:</b>	<b>\$ 11,153,160</b>	<b>\$ 12,406,302</b>	<b>\$ 4,676,537</b>	<b>\$ 4,835,069</b>	<b>\$ 12,815,390</b>	<b>\$ 15,208,834</b>	<b>\$ 10,406,469</b>	<b>\$ 13,177,978</b>	<b>\$ 11,804,486</b>	<b>\$ 14,418,513</b>

Data source: Audited financial statements

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Real estate and personal property taxes net of tax refunds	\$ 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	\$ 43,791,331
Motor vehicle and other excise taxes	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	2,480,786
Penalties, interest and other taxes	143,463	139,933	170,171	259,981	153,885	101,053	135,049	136,001	262,384	164,894
Charges for services	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	3,392,525
Intergovernmental	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	13,423,612
License and permits	435,729	284,844	485,140	667,516	680,108	758,958	756,884	670,575	680,383	760,230
Fines and forfeitures	83,088	114,061	113,036	90,207	55,649	56,820	39,027	43,241	50,433	48,914
Investment income	306,210	251,670	201,856	243,344	244,328	302,508	224,035	360,673	267,435	255,258
Miscellaneous	1,080,216	239,928	363,296	407,649	545,165	767,227	719,489	428,738	652,914	673,507
<b>Total Revenues</b>	<b>46,742,841</b>	<b>46,949,466</b>	<b>48,616,652</b>	<b>50,577,968</b>	<b>55,302,316</b>	<b>56,822,567</b>	<b>54,506,272</b>	<b>55,416,544</b>	<b>65,488,638</b>	<b>64,991,057</b>
<b>Expenditures:</b>										
General government	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	2,638,392
Public safety	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	6,295,464
Education	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	33,596,281
Public works	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	5,646,199
Health and human services	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	1,516,378
Cultural and recreation	921,314	937,340	942,427	934,443	965,075	958,703	1,027,489	1,028,334	1,065,959	1,217,351
Employee benefits	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	8,780,653
Debt service										
Principal	1,898,068	1,902,642	1,877,168	1,877,327	1,841,101	1,978,107	2,382,761	2,356,842	2,524,169	2,402,474
Interest	1,089,542	1,003,721	910,882	909,350	864,734	768,969	801,978	725,926	696,687	624,589
Intergovernmental	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	1,280,117
<b>Total Expenditures<sup>(1)</sup></b>	<b>45,965,451</b>	<b>45,908,468</b>	<b>49,047,743</b>	<b>50,174,452</b>	<b>53,953,148</b>	<b>60,535,143</b>	<b>59,123,221</b>	<b>53,714,755</b>	<b>66,785,590</b>	<b>63,997,898</b>
Excess of revenues over/(under) expenditures	777,390	1,040,998	(431,091)	403,516	1,349,168	(3,712,576)	(4,616,949)	1,701,789	(1,296,952)	993,159
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes	-	-	1,300,000	-	862,620	6,072,000	-	3,800,000	-	1,600,000
Transfer in	659,977	362,056	282,500	860,005	204,100	785,956	529,806	1,179,237	153,583	776,257
Transfer out	(489,977)	(190,000)	(155,000)	(1,035,429)	(422,566)	(693,727)	(678,912)	(1,509,403)	(153,583)	(776,257)
<b>Total other financing sources ( uses )</b>	<b>170,000</b>	<b>172,056</b>	<b>1,427,500</b>	<b>(175,424)</b>	<b>644,154</b>	<b>6,164,229</b>	<b>(149,106)</b>	<b>3,469,834</b>	<b>-</b>	<b>1,600,000</b>
<b>Net change in fund balance</b>	<b>\$ 947,390</b>	<b>\$ 1,213,054</b>	<b>\$ 996,409</b>	<b>\$ 228,092</b>	<b>\$ 1,993,322</b>	<b>\$ 2,451,653</b>	<b>\$ (4,766,055)</b>	<b>\$ 5,171,623</b>	<b>\$ (1,296,952)</b>	<b>\$ 2,593,159</b>
Debt Service as a percentage of non-capitalized expenditures <sup>(2)</sup>	*	*	*	*	*	*	*	6.06%	5.22%	5.00%

Data source: Audited financial statements

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

<sup>(2)</sup>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
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
2018	\$ 2,254,980,142	\$16.34	\$ 301,706,404	\$ 30,062,400	\$ 47,593,920	\$ 379,362,724	\$16.34	\$ 2,634,342,866

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	2018			2009		
		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	1.06%	-	-	0.00%
Guttman Stephen J Trust	Shopping Plaza Queen Ann	22,123,900	2	0.84%	\$21,558,900	2	0.86%
ABP Borrower Inc	Environmental/Clean Harbors	16,171,000	3	0.61%	-	-	0.00%
Massachusetts Electric Company	Utility	12,197,030	4	0.46%	\$6,700,590	4	0.27%
TRT Norwell LLC	Stop and Shop Supermarket	11,369,200	5	0.43%	\$12,078,000	5	0.48%
Jumbo Capital Norwell Partnership	Office Building	10,584,400	6	0.40%	-	-	0.00%
Gordon, Ronald L Trustee	Office & Warehouse	10,126,200	7	0.38%	\$10,677,400	7	0.43%
Foxrock Assinippi Realty LLC	Office Building	9,029,600	8	0.34%	-	-	0.00%
Southwood at Norwell Nursing	Nursing Home	8,882,700	9	0.34%	\$8,807,600	9	0.35%
Danieli John R & Cheryl Trust	Computer IT	6,569,100	10	0.25%	\$5,837,500	10	0.23%
Totals		<u>\$134,975,430</u>		<u>5.12%</u>	<u>\$ 65,659,990</u>		<u>2.63%</u>
Total Town Assessed Value		<u>\$2,634,342,866</u>			<u>\$ 2,496,327,447</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, 2018	
				Dollar Amount	% of Net Levy <sup>(1)</sup>		Dollar Amount	% of Net Levy <sup>(1)</sup>
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%	\$ 1,068,042	\$ 36,492,293	101.5%
2015	\$ 38,751,449	\$ 1,091,564	\$ 37,659,885	\$ 38,079,123	101.11%	\$ 402,108	\$ 38,481,231	102.2%
2016	\$ 40,161,914	\$ 951,174	\$ 39,210,740	\$ 39,480,526	100.69%	\$ 282,990	\$ 39,763,516	101.4%
2017	\$ 41,573,994	\$ 804,836	\$ 40,769,158	\$ 40,961,100	100.47%	\$ 218,861	\$ 41,179,961	101.0%
2018	\$ 43,045,164	\$ 621,600	\$ 42,423,564	\$ 42,343,900	99.81%	\$ -	\$ 42,343,900	99.8%

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

<sup>(1)</sup>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
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%
2018	10,984	\$ 883,574,928	\$ 2,634,342,866	\$ 17,773,633	\$ 80,442	2.0116%	0.6747%

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
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%
2018	\$ 1,260,000	\$ 19,033,633	\$ 80,442	2.15%	0.72%

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, 2018

	Debt Outstanding 6/30/2018	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt <sup>(1)</sup>
Debt repaid with property taxes:			
Plymouth County	\$ 1,650,000	3.53%	\$ 58,245
South Shore Regional Vocational School	460,000	1.33%	6,118
Subtotal, overlapping debt			64,363
Town governmental direct debt			17,773,633
Total direct and overlapping debt			<u>\$ 17,837,996</u>

Data source: Town's Financial Advisor

<sup>(1)</sup>Estimated share based on debt service only.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation (1)	\$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	\$2,543,299,700
Debt Limit - 5% of equalized valuation	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	127,164,985
Less:										
Total debt applicable to limitation (2)	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	14,993,952
Legal debt margin	\$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	\$112,171,033
Total debt applicable to the limit as a percentage of debt limit	7.78%	7.05%	7.97%	7.77%	6.68%	12.05%	10.78%	12.73%	11.79%	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
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%
2018	10,984	\$80,442	43.8	2,192	3.40%

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	2018			2009		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Clean Harbors	Environmental Services	620	1	11.96%	450	2	8.29%
South Shore Hospital	Medical Services	502	2	9.68%	-	-	-
Harbor Medical Associates	Medical Services	465	3	8.97%	-	-	-
NVNA and Hospice	Nursing	272	4	5.24%	-	-	-
Southwood at Norwell Nursing Center	Nursing	156	5	3.01%	140	4	2.58%
Signet Electronics	IT/Technology	150	6	2.89%	-	-	-
Super Stop & Shop	Supermarket	140	7	2.70%	156	7	2.87%
Big Y	Supermarket	125	8	2.41%	-	-	-
Avedis Zildjian Company	Manufacturer	107	9	2.06%	-	-	-
Royal Norwell Nursing and Rehab	Nursing	100	10	1.93%	-	-	-
	Total Principal Employers	2637			746		
	Total Town Employment (1)	5186			5431		

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government:</b>	18.56	18.56	17.89	17.80	19.28	20.40	20.40	21.68	22.00	22.27
<b>Public Safety:</b>										
Police	31.42	32.75	32.75	29.95	29.95	29.97	30.01	30.01	30.82	30.78
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	1.89	1.89	1.89	1.89	1.89	1.89	2.27
Sub-Total	55.42	56.75	56.75	53.84	53.84	53.86	53.90	53.90	54.71	55.05
<b>Education:</b>	236.70	242.50	239.30	251.60	265.60	271.60	271.20	270.10	267.30	271.90
<b>Public Works:</b>										
Highway	7.25	7.25	7.25	7.25	7.25	7.25	7.52	7.52	8.52	9.25
Tree and Grounds	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Water	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00
Sub-Total	20.25	20.25	21.25	21.25	21.25	21.25	21.52	21.52	22.52	24.25
<b>Health and Human Services:</b>										
Board of Health	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Council on Aging	3.29	3.29	3.69	3.83	3.83	3.83	4.01	4.27	4.27	4.47
Sub-Total	5.29	5.29	5.69	5.83	5.83	5.83	6.01	6.27	6.27	6.47
<b>Culture and Recreation:</b>										
Library	7.09	7.42	7.69	7.04	7.20	7.24	7.27	7.27	7.39	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	8.69	9.02	9.29	8.64	8.80	8.84	8.87	8.87	8.99	8.99
<b>TOTALS:</b>	344.91	352.37	350.17	358.96	374.60	381.78	381.90	382.34	381.79	388.93

Source: Town of Norwell Budget Manuals

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Town Clerk										
Registered Voters	7,207	7,276	7,348	7,502	7,398	7,384	7,561	7,913	7,869	7,901
Finance										
Taxable property parcels assessed	4,367	4,399	4,420	4,473	4,476	4,514	4,515	4,526	4,546	4,557
Motor vehicles registered	12,289	12,186	11,887	11,464	11,493	11,727	12,304	12,731	12,542	13,537
Police										
Physical arrests	109	139	136	89	33	96	72	77	85	67
Traffic violations	1,212	788	558	812	1,211	2,395	1,557	1,295	1,645	2,504
Fire										
Calls answered	2,166	2,151	2,187	2,070	2,322	2,169	2,385	2,380	2,257	1,976
Emergency responses	355	261	384	296	437	280	377	371	315	396
Fires extinguished	47	43	48	35	50	45	63	58	55	40
Number of inspections conducted	243	292	341	406	427	481	488	478	448	385
Emergency medical responses	1,186	1,257	1,154	1,122	1,173	1,300	1,303	1,285	1,220	922
Building										
Building permits issued	397	409	363	468	530	550	626	686	617	531
Estimated construction value	\$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	\$2,901,780
Public Library										
Volumes of collections	63,559	63,093	66,522	66,663	69,472	205,124	224,605	218,359	255,310	90,213
Total circulation	166,278	166,435	156,402	165,148	154,134	150,874	145,375	138,899	119,689	137,216
Registered borrowers	5,563	5,521	5,459	5,374	5,379	5,260	5,056	4,929	5,053	4,876
Water										
Water main breaks	20.00	14.00	15.00	22.00	19.00	33.00	19.00	19.00	27.00	16.00
Daily average consumption - MGD	1.00	1.01	0.99	0.99	1.04	1.12	0.99	1.09	1.05	0.948
Peak daily consumption - MGD	1.57	2.10	1.86	1.65	2.08	1.89	1.74	1.99	1.81	1.74

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



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
<b>Fire and Rescue</b>										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of ladder trucks	1	1	1	1	1	1	1	1	1	1
Number of pumpers	4	4	4	4	4	4	4	4	4	4
Number of support vehicles	4	4	4	4	4	4	4	4	4	4
<b>Public Works</b>										
Miles of street	89.92	89.15	89.15	88.68	88.69	88.69	88.69	89.09	89.09	90.01
Number of storm drains	1507	1507	1507	1507	1507	1507	1507	1507	1507	1515
<b>Recreation</b>										
Number of parks	21	21	21	21	21	23	23	23	23	23
Park acreage	1362	1362	1362	1362	1362	1401	1473	1475	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
<b>Water System</b>										
Miles of water mains	85.5	85.5	85.75	86.75	87.75	88.84	89.09	89.59	89.59	89.78
Number of service connections	3510	3523	3545	3571	3604	3626	3609	3656	3670	3723
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)	1.57	2.1	2.1	1.75	2.19	1.93	1.85	1.99	1.81	1.81
Number of fire hydrants	736	743	746	756	766	777	781	786	787	789

Data source: Town reports  
Various Town departments