

**FINAL OFFICIAL STATEMENT DATED MAY 30, 2018**

**TOWN OF PLYMOUTH, MASSACHUSETTS**

**\$642,523 GENERAL OBLIGATION TAXABLE BOND ANTICIPATION NOTES,  
SERIES A  
(Subject to Federal and Massachusetts Income Taxation)**

Dated  
June 15, 2018

Due  
September 14, 2018

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<u>Number</u>	<u>Award</u>	<u>Coupon Rate</u>	<u>Yield</u>
1	\$ 642,523	2.60%	NRO

**Cape Cod Five Cents Savings Bank**

*Purchaser*

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The provisions of the accompanying PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED MAY 22, 2018 supplemented and modified hereby, are incorporated in and made part of this Final Official Statement.

**Hilltop Securities Inc.**

*Financial Advisor*

**FINAL OFFICIAL STATEMENT DATED MAY 30, 2018**

**TOWN OF PLYMOUTH, MASSACHUSETTS**

**\$22,669,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES,  
SERIES B**

Dated  
June 15, 2018

Due  
June 14, 2019

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<u>Number</u>	<u>Award</u>	<u>Coupon Rate</u>	<u>Yield</u>	<u>CUSIP</u>
1	\$ 22,669,000	3.00%	1.68%	729654 UJ0

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The provisions of the accompanying PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED MAY 22, 2018 supplemented and modified hereby, are incorporated in and made part of this Final Official Statement.

**Hilltop Securities Inc.**

*Financial Advisor*

**PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED MAY 22, 2018**

Rating (Series B only):

S&P Global Ratings: SP-1+

**Series A Notes:**

In the opinion of Locke Lord, LLP, Bond Counsel, based upon an analysis of existing law, interest on the Series A Notes is includable in gross income for federal income tax purposes and is subject to Massachusetts personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series A Notes. See "Tax Matters" herein.

**Series B Notes:**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series B Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series B Notes will not be included in computing the alternative minimum taxable income of individuals or, except as described herein, corporations. Under existing law, interest on the Series B Notes is exempt from Massachusetts personal income taxes, and the Series B Notes are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Notes. See "Tax Exemption of the Series B Notes" herein. The Series B Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(2) of the Code.

**TOWN OF PLYMOUTH, MASSACHUSETTS**

**\$642,523 GENERAL OBLIGATION TAXABLE BOND ANTICIPATION NOTES, SERIES A  
(Subject to Federal and Massachusetts Income Taxation)**

**and**

**\$22,669,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B**

The Town of Plymouth, Massachusetts (the "Town") will receive telephone and electronic bids at Hilltop Securities Inc. (617-619-4400) in the case of telephone bids and via PARITY in the case of electronic bids until 11:00 a.m., Eastern Time, Wednesday, May 30, 2018, for the purchase of the following described General Obligation Bond Anticipation Notes (together, the "Notes").

- |              |   |
|--------------|---|
| \$642,523    | General Obligation <b><u>Taxable</u></b> Bond Anticipation Notes, Series A (Subject to Federal and Massachusetts Taxation) (new money) dated June 15, 2018 and payable on September 14, 2018 (the "Series A Notes"). Interest on the Notes will be calculated on a 30 day-month/360 day-year basis (89/360). The Series A Notes will not be subject to redemption prior to their stated maturity date and |
| \$22,669,000 | General Obligation Bond Anticipation Notes, Series B (renewal and new money) dated June 15, 2018 and payable on June 14, 2019 (the "Series B Notes"). Interest on the Notes will be calculated on a 30 day-month/360 day-year basis (359/360). The Series B Notes will not be subject to redemption prior to their stated maturity date.  |

Bids may be submitted electronically via **PARITY** pursuant to this Notice of Sale until 11:00 a.m., Eastern Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Hilltop Securities Inc., or **PARITY** at (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Notes in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

Any bidder who submits a winning bid by telephone in accordance with this Notice of Sale shall be required to provide written confirmation of the terms of the bid by faxing or e-mailing a completed, signed bid form to Hilltop Securities Inc. by not later than 12:00 noon, Eastern Time, on the date of sale.

The Notes will be issued by means of a book-entry system, evidencing ownership of the Notes in the principal amount of \$1,000 or integral multiples thereof, with the exception of one \$1,523 denomination of the Series A Notes, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the issuance of a fully registered note certificate is requested by the winning bidder

and the issuance of such certificate is approved by the Town. (See Preliminary Official Statement, "Book-Entry-Transfer System.") Principal and interest on the Notes will be payable upon maturity in federal reserve funds by U.S. Bank National Association, or its successor, as Paying Agent. Disbursements of such payments to the DTC Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants.

The award of each series of the Notes to the winning bidder will not be effective until the bid has been approved by the Treasurer and Board of Selectmen of the Town.

Each series of Notes will be awarded on the basis of lowest net interest cost to the Town. Such cost will be determined by computing the total amount of interest payable on each series of the Notes, at the rate or rates stated, from June 15, 2018 until the maturity of such series of Notes and deducting therefrom the sum, if any, by which the amount bid for a series of the Notes exceeds the aggregate principal amount of the Notes. In the event a bidder offering a premium for a Series of the Notes is awarded a lesser amount of such notes than bid, the premium shall be reduced proportionately. Bids shall be submitted for all of the Series A Notes at a single rate of interest in a multiple of one-hundredth (1/100) of one percent (1%). No bid of less than par and accrued interest to date of delivery will be considered for the Series A Notes.

Bids may be submitted for all or part of the Series B Notes at a single or various rates of interest in multiples of one-hundredth (1/100) of one percent (1%). No bid of less than par and accrued interest to date of delivery will be considered for the Series B Notes. **No bid on the Notes with a coupon rate exceeding 3.0% will be accepted and a premium of at least \$1.95 must be included for each \$1,000 bid on the Series B Notes.**

The right is reserved to reject any and all bids not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any bid.

The successful bidder for all or part of the Notes of a series may request that such Notes be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Notes in this manner shall bear any and all costs of any re-registration or transfer of Notes from time to time. Any bidder seeking to have the Notes issued in the form of a fully registered physical certificate, rather than in book-entry form, shall indicate this preference to the Town at the time of the submission of the winning bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form if it should determine, in its sole discretion that issuing the Notes in this manner is not in its best interests.

The successful bidder shall assist the Town in establishing the issue price of the Series B Notes and shall execute and deliver to the Town on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering price to the public or the actual sale price of the Series B Notes, together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Series B Notes may be taken on behalf of the Town by Hilltop Securities Inc. ("Financial Advisor"), and any notice or report to be provided to the Town may be provided to the Financial Advisor.

**Competitive Sale Requirements.** If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series B Notes) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Series B Notes to the bidder who submitted a firm offer to purchase the Series B Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series B Notes, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by facsimile (fax number: 617-619-4411) or by telephone to the Financial Advisor (617-619-4400) or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Series B Notes, by submitting its bid, each bidder**

shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Series B Notes, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Series B Notes to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Series B Notes to the Public and the 10% test to apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Series B Notes to the public, the successful bidder, at its option, may use the first price at which 10% of the Series B Notes (the “10% test”) is sold to the public as the issue price of the Series B Notes. The successful bidder shall advise the Financial Advisor if the 10% test is satisfied as of the date and time of the award of the Series B Notes.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to Series B Notes or all of the Series B Notes are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Series B Notes have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for the Series B Notes or until all the Series B Notes have been sold. The successful bidder shall be obligated to report each sale of Series B Notes to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series B Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Series B Notes allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Series B Notes or all of the Series B Notes have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Series B Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series B Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Series B Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Series B Notes or that all of the Series B Notes have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Series B Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series B Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series B Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series B Notes to the public), and
3. a purchaser of any of the Series B Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Series B Notes to the Public and Agrees to Hold the Price of the Series B Notes for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. Eastern Time on the Sale Date, that it has not sold 10% of the Series B Notes listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Series B Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the

date on which the successful bidder has sold at least 10% of the Unsold Series B Notes to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Series B Notes, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Series B Notes in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Series B Notes to the Public – Option C. If the successful bidder has purchased the Series B Notes for its own account and will not distribute or resell the Series B Notes to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Series B Notes was made.

The purchaser(s) will be furnished, without cost, with the opinion of Locke Lord LLP of Boston, Massachusetts, approving the legality of the Notes. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and that their enforceability may also be subject to exercise of judicial discretion in appropriate cases. Payment of the principal of and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source. The Notes are valid and binding general obligations of the Town of Plymouth, Massachusetts, and unless paid from the proceeds of the bonds in anticipation of which they are issued, or from other sources, are payable from taxes which may be levied upon all taxable property in the Town without limitation as to rate or amount except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest on the Notes that the Town has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws (Proposition 2 ½), and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest that the Town has not voted to exempt from that limit.

It shall be a condition of the successful bidder's obligation to accept delivery of and pay for the Notes that, contemporaneously with or before accepting the Notes and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, with respect to the Notes, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery such Notes and receipt of payment therefor, to the effect that there is no litigation pending, or to the knowledge of the signer or signers thereof, threatened affecting the validity of such Notes or the power of the Town to levy and collect taxes to pay them, and (c) a certificate of the Town Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of the date of sale and the Final Official Statement as of the date of delivery of such Notes referred to below, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

It is anticipated that CUSIP identification numbers will be printed on the Notes. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

Each series of Notes will be delivered to DTC, or to the office of its custodial agent, or to the registered owner if a fully registered certificate is requested by the winning bidder and approved by the Town, on or about June 15, 2018 against payment to the Town in federal reserve funds.

Additional information concerning the Town and the Notes is contained in the Preliminary Official Statement dated May 22, 2018 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes, and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the Town except for the omission of the reoffering prices, interest rates, and other terms of the Notes depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Suite 320, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven business days following the award of the Notes and receipt of necessary information from the successful bidder, 5 copies of the Final Official Statement will be made available to the successful bidder. Upon request, additional copies will be provided at the expense of the successful bidder.

TOWN OF PLYMOUTH, MASSACHUSETTS  
/s/ Pamela L. Borgatti, Treasurer

May 22, 2018

**EXHIBIT 1**  
**\$22,669,000**  
**Town of Plymouth, Massachusetts**  
**General Obligation Bond Anticipation Notes, Series B dated June 15, 2018**  
**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes") of the Town of Plymouth, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by the Successful Bidder in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Notes.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Notes.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is May 30, 2018.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2018

[NAME OF SUCCESSFUL BIDDER]

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To Be Attached)**

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**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**



**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the 10% Test to Apply]  
Town of Plymouth, Massachusetts  
\$22,669,000 General Obligation Bond Anticipation Notes, Series B dated June 15, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Plymouth, Massachusetts (the “Issuer”).

**1. Sale of the Notes.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Notes have not been sold for one or more Maturities of Notes as of the Closing Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Notes, until at least 10% of each such Maturity of the Notes is sold to the Public (the “10% test”) or all of the Notes are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Notes of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Notes or until all the Notes of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Notes to the Financial Advisor until notified by email or in writing by the State or the Financial Advisor that it no longer needs to do so.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Notes, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2018

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

**SALE PRICES  
(To be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are  
Not Met and the Hold the Price Rule Is Used]**

**Town of Plymouth, Massachusetts  
\$22,669,000 General Obligation Bond Anticipation Notes, Series B dated June 15, 2018**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Notes”) of the Town of Plymouth, Massachusetts (the “Issuer”).

**1. Sale of the Notes.** As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Notes as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Notes, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities until the earlier of (i) \_\_\_\_\_, 2018 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**2. Defined Terms.**

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Notes and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Notes, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder's][Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: \_\_\_\_\_, 2018

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**  
**SALE PRICES**  
**(To be Attached)**

# OFFICIAL STATEMENT

## TOWN OF PLYMOUTH, MASSACHUSETTS

### **\$642,523 GENERAL OBLIGATION TAXABLE BOND ANTICIPATION NOTES, SERIES A** (Subject to Federal and Massachusetts Income Taxation)

and

### **\$22,669,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B**

The purpose of this Official Statement is to furnish certain information regarding the Town of Plymouth, Massachusetts (the "Town") and the \$642,523 principal amount of the Town's General Obligation Taxable Bond Anticipation Notes, Series A (Subject to Federal and Massachusetts Income Taxation) (the "Series A Notes") and the \$22,669,000 principal amount of the Town's General Obligation Bond Anticipation Notes, Series B (the "Series B Notes" and together with the Series A Notes, the "Notes"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

#### The Notes

The Series A Notes will be dated June 15, 2018 and will mature on September 14, 2018 without option of prior redemption. The Series B Notes will be dated June 15, 2018 and will mature on June 14, 2019 without option of prior redemption. The Notes will bear interest payable at maturity at the rate(s) determined in accordance with the Notice of Sale and Preliminary Official Statement dated May 22, 2018. Each series of the Notes will be issued by means of a book-entry-transfer system, evidencing ownership of the Notes in principal amounts of \$1,000, with the exception of one \$1,523 denomination of the Series A Notes, or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company (DTC) and its participants pursuant to the rules and procedures adopted by DTC, unless the delivery of a fully registered note certificate is requested by the winning bidder and the issuance of such certificate is approved by the Town. (See "Book-Entry Transfer System" herein.)

#### Authorization of the Notes and Use of Proceeds

The following tables set forth the purposes, principal amounts, total original authorizations, statutory references, and dates of approval for the current issues of Notes.

Purpose	This Issue	Authorized	Outstanding (1)	References	Approval
Simmes House Renovation	\$ 642,523	\$ 1,142,523	\$ 985,000 (2)	Ch. 44B	10/17/2015, amended 10/17/2016

#### Series B - Tax-Exempt Bond Anticipation Notes

Purpose	This Issue	Total Amount Authorized	BANs Outstanding (1)	Statutory References	Date of Approval
Beach Nourishment	\$ 150,000	\$ 3,200,000	\$ -	Ch. 44 s. 7(1)	6/10/1996
School/Senior Center (3)	5,500,000	199,000,000	-	Ch. 44 s. 7(1) & 70B	9/19/2006 & 4/1/2017
Courthouse Reconstruction	2,500,000	3,000,000	2,740,000 (4)	Ch. 44B	4/5/2014, amended 10/10/2014 & 4/2/2016
School Street Retaining Wall	202,000	1,250,000	-	Ch. 44 s. 7(20)	4/11/2015
Water Meter Replacement Program	105,000	4,500,000	-	Ch. 44 s. 8(6)	4/11/2015
Town (T) Wharf Project	10,000	750,000	-	Ch. 44 s. 7(17)	10/17/2015
Plymouth Beach Seawall Rehabilitation	600,000	1,100,000	35,000	Ch. 44 s. 7(1)	10/15/2016
Water Street Pump Station Upgrades	4,000,000	6,000,000	1,740,000	Ch. 44, s. 8(14)	4/2/2016
Newfield Street Bridge Construction	1,700,000	3,400,000	-	Ch. 44 s. 7(4)	4/2/2016
Sewer Pipe Line & Pipe Point Repairs	500,000	500,000	-	Ch. 44 s. 7(1)	4/1/2017
Taylor Ave Water Main	1,700,000	2,200,000	800,000	Ch. 44, s. 8(5)	4/1/2017
Road Pavement Preservation Plan	3,500,000	5,000,000	-	Ch. 44 s. 7(1)	4/1/2017
Water System Expansion Design, Permitting & Engineering	1,360,000	1,600,000	-	Ch. 44 s. 7(7)	4/1/2017
Library Roof/Chillers/Ducts/Drains	842,000	1,742,077	-	Ch. 44 s. 7(1)	4/1/2017 & 4/7/2018
<b>Total</b>	<b>\$ 22,669,000</b>		<b>\$ 5,315,000</b>		

(1) Payable June 15, 2018. To be retired with proceeds of this issue.

(2) To be retired with proceeds of this issue and \$342,477 CPA funds of the Town.

(3) Exempt from the Limits of Proposition 2 ½.

(4) To be retired with proceeds of this issue and \$240,000 revenue funds of the Town.

## **Tax Matters with Respect to the Series A Notes**

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), under existing law, the interest on the Series A Notes is includable in gross income for federal income tax purposes and is subject to the Massachusetts personal income tax. Bond Counsel expresses no opinion as to any other tax consequences arising with respect to the Series A Notes.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the Series A Notes that acquire their Series A Notes in the initial offering. The discussion below is based upon laws, regulations, rulings and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their Series A Notes as part of a hedge, straddle or an integrated or conversion transaction or investors whose "functional currency" is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of a Series A Note. In addition, this summary generally is limited to investors who become beneficial owners of Series A Notes pursuant to the initial offering for the issue price that is applicable to such Series A Notes (i.e., the price at which a substantial amount of such Series A Notes is first sold to the public) and who will hold their Series A Notes as "capital assets" within the meaning of the Internal Revenue Code (the "Code").

As used herein, "U.S. Holder" means a beneficial owner of a Series A Note who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust with respect to which a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series A Note (other than a partnership) who is not a U.S. Holder. If an entity classified as a partnership for U.S. federal income tax purposes is a beneficial owner of a Series A Note, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the tax consequences of an investment in the Series A Notes (including their status as U.S. Holders or Non-U.S. Holders).

### U.S. Holders

Interest. Stated interest on the Series A Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

"Original issue discount" will arise for U.S. federal income tax purposes in respect of any Series A Note if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for tax purposes). For any Series A Notes issued with original issue discount, the excess of the stated redemption price at maturity of that Series A Note over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Series A Note is the sum of all scheduled amounts payable on such Series A Note other than qualified stated interest. U.S. Holders of Series A Notes generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Series A Notes issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Series A Note to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Series A Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series A Note.

Disposition of the Series A Notes. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Commonwealth), reissuance or other disposition of a Series A Note will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a Series A Note generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series A Note which will be taxed in the manner described above under “Interest”) and (ii) the U.S. Holder’s adjusted tax basis in the Series A Note (generally, the purchase price paid by the U.S. Holder for the Series A Note, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series A Note and decreased by any payments previously made on such Series A Note, other than payments of qualified stated interest, or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. A material modification of the terms of any Series A Note may result in a deemed reissuance thereof, in which event a beneficial owner of the modified Series A Notes generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner’s adjusted tax basis in the Series A Note.

In the case of a non-corporate U.S. Holder of a Series A Note, the maximum marginal U.S. federal income tax rate applicable to any such gain may be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Series A Note exceeds one year. The deductibility of capital losses is subject to limitations.

#### Non-U.S. Holders

The following discussion applies only to non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a non-U.S. Holder that is a “controlled foreign corporation” or a “passive foreign investment company,” and, accordingly, non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences of holding the Series A Notes that may be relevant to them.

Interest. Subject to the discussion below under the heading “Information Reporting and Backup Withholding—U.S. Holders and Non-U.S. Holders,” payments of principal of, and interest on, any Series A Note to a Non-U.S. Holder, other than a bank which acquires such Series A Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, generally will not be subject to any U.S. withholding tax provided that the beneficial owner of the Series A Note provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding—U.S. Holders and Non-U.S. Holders,” or an exemption is otherwise established.

Disposition of Series A Notes. Subject to the discussion below under the heading “Information Reporting and Backup Withholding—U.S. Holders and Non-U.S. Holders,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Commonwealth) or other disposition of a Series A Note generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Commonwealth) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Series A Note that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that at the time of such individual’s death, payments of interest with respect to such Series A Note would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

#### Information Reporting and Backup Withholding—U.S. Holders and Non-U.S. Holders.

Interest on, and proceeds received from the sale of, a Series A Note generally will be reported to U.S. Holders, other than certain exempt recipients, such as corporations, on IRS Form 1099. In addition, a backup withholding tax may apply to payments with respect to the Series A Notes if the U.S. Holder fails to furnish the payor with a correct taxpayer identification number or other required certification or fails to report interest or dividends required to be shown on the U.S. Holder’s federal income tax returns.

In general, a non-U.S. Holder will not be subject to backup withholding with respect to interest payments on the Series A Notes if such non-U.S. Holder has certified to the payor under penalties of perjury (i) the name and address of such non-U.S. Holder and (ii) that such non-U.S. Holder is not a United States person, or, in the case of an individual, that such non-U.S. Holder is neither a citizen nor a resident of the United States, and the payor does not know or have reason to

know that such certifications are false. However, information reporting on IRS Form 1042-S may still apply to interest payments on the Series A Notes made to non-U.S. Holders not subject to backup withholding. In addition, a non-U.S. Holder will not be subject to backup withholding with respect to the proceeds of the sale of a Series A Note made within the United States or conducted through certain U.S. financial intermediaries if the payor receives the certifications described above and the payor does not know or have reason to know that such certifications are false, or if the non-U.S. Holder otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular circumstances, the availability of exemptions and the procedure for obtaining such exemptions, if available.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder's federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder of a Series A Note in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series A Notes, including the application and effect of state, local, foreign and other tax laws.

#### Medicare Tax on Unearned Income.

The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) requires certain U.S. holders that are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, interest and gains from the sale or other disposition of the Series A Notes for taxable years beginning after December 31, 2012. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Series A Notes.

#### **Tax Exemption of the Series B Notes**

In the opinion of Locke Lord LLP, Bond Counsel to the Town ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series B Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Series B Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals, or except as described herein, corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Notes. The Series B Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(2) of the Code.

For taxable years that began before January 1, 2018, interest on the Series B Notes owned by a corporation (other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust) will be included in such corporation's adjusted current earnings for purposes of computing the alternative minimum taxable income of such corporation. The alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series B Notes. Failure to comply with these requirements may result in interest on the Series B Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series B Notes. The Town has covenanted to comply with such requirements to ensure that interest on the Series B Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series B Notes is exempt from Massachusetts personal income taxes, and the Series B Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Series B Notes. Prospective Noteholders should be aware, however, that the Series B Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Series B Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Series B Notes or the income therefrom or any other tax consequences arising with respect to the Series B Notes under the laws of any state other than Massachusetts.



To the extent the issue price of the Series B Notes is less than the amount to be paid at maturity of such Series B Notes (excluding amounts stated to be interest and payable at least annually over the term of such Series B Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series B Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of the Series B Notes is the reasonably expected initial offering price to the public (as defined in the Notice of Sale). However, if the competitive sale requirements (as defined in the Notice of Sale) are not met, the issue price of the Series B Notes is the first price at which a substantial amount of the Series B Notes is sold to the public. The original issue discount with respect to any Series B Notes accrues daily over the term to maturity of such Series B Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of the Series B Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of the Series B Notes. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series B Notes with original issue discount, including the treatment of purchasers who do not purchase such Series B Notes in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Series B Notes is sold to the public.

Series B Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series B Notes, or, in some cases, at the earlier redemption date of such Series B Notes ("Premium Notes"), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder's basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series B Notes may adversely affect the value of, or the tax status of interest on, the Series B Notes.

Prospective Noteholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Note being subject directly or indirectly to federal income taxation, or otherwise prevent Noteholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series B Note from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series B Notes. Prospective Noteholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series B Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series B Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series B Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series B Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions with Respect to the Series B Notes**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series B Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series B Notes will not have an adverse effect on the tax status of interest on the Series B Notes or the market value or marketability of the Series B Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income

taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series B Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds or Series B Notes. Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series B Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series B Notes may be affected and the ability of Noteholders to sell their Series B Notes in the secondary market may be reduced. The Series B Notes are not subject to special mandatory redemption, and the interest rate on the Series B Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series B Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **Book-Entry Transfer System**

The following section shall apply to the Notes unless the successful bidder requests and the Town approves the delivery of a fully registered physical certificate to such bidder.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global AA+ rating. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities held by DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

## **Security and Remedies**

**Full Faith and Credit.** General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described (see "*Serial Bonds and Notes*" under "TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

**Tax Levy.** The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "*Tax Limitations*" under "PROPERTY TAX" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

**No Lien.** Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "DEBT LIMITS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

**Court Proceedings.** Cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully

available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAX” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

*Restricted Funds.* Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority if the city or town is within the territory served by the Authority, or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

*Bankruptcy.* Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior

approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The unqualified approving opinion as to the validity of the Notes will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Notes and will speak only as of such date.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion

### **Financial Advisory Services of Hilltop Securities Inc.**

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Plymouth, Massachusetts.

### **Disclosure of Significant Events**

In order to assist underwriters in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the Town will covenant for the benefit of the owners of the Notes to file with the Municipal Securities Rulemaking Board (the "MSRB"), notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the Town; (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the Town to comply with any provision of the certificate shall be an action for specific performance of the Town's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

**In the past five years, the Town believes that it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of significant events in accordance with the Rule, with the exception of the instance noted below. Aside from the Town, there are no other obligated persons with respect to the Bonds.**

**The Town filed the Annual Report for the fiscal year ending June 30, 2017 on March 26, 2018. Such filing contained a draft balance sheet and draft statement of revenues, expenditures, and change in fund balance as of June 30, 2017, as the final audit was not yet available. The Annual Report filing for the fiscal year ending June 30, 2017 was subsequently amended on April 9, 2018 to include the final audited balance sheet and final audited statement of revenues, expenditures, and change in fund balance as of June 30, 2017; however, the final audit as of June 30, 2017 was not uploaded to EMMA until May 16, 2018. A notice of late filing has been uploaded to EMMA.**

## THE TOWN OF PLYMOUTH, MASSACHUSETTS

### General

The Town of Plymouth is located in Plymouth County on the Atlantic Ocean approximately 38 miles southeast of the City of Boston. Plymouth is bordered by the Towns of Bourne on the south, Wareham on the southwest, Carver on the west, Kingston on the north, and on the southeast by the Atlantic Ocean. Plymouth is an historic landmark, being the birthplace of the nation in 1620. It was first an independent colony, the Pilgrim Republic, until 1692 when it became part of the Massachusetts Bay Colony. It is the originator of the town meeting form of government.

The Town, encompassing 103 square miles, is the largest municipality in the Commonwealth, with 37 miles of shoreline and three salt-water beaches. It is a popular summer resort and has many historical attractions, including Plymouth Rock and Plimoth Plantation. Plymouth is also a commercial center for wholesale and retail trade and has commercial fishing operating out of its port.

The principal highways serving the area are State Route 3 and U.S. Route 44. This results in the Town being adequately served by highways and good public roads that meet the requirements of modern transportation. Established trucking firms provide competitive freight service locally and to long-distance points. Freight service to Boston is provided by Conrail, making available Boston's docks, terminals and Logan International Airport.

### Principal Executive Officers

Office	Name	Term and Manner of Selection	Term Expires
Selectmen	Kenneth A. Tavares, Chair	Elected - 3 year term	2021
	Anthony F. Provenzano, Jr., Vice Chair	Elected - 3 year term	2019
	John T. Mahoney, Jr.	Elected - 3 year term	2020
	Betty A. Cavacco	Elected - 3 year term	2020
	Shelagh M. Joyce	Elected - 3 year term	2019
Town Manager	Melissa Arrighi	Appointed	Indefinite
Finance Director	Lynne A. Barrett	Appointed	Indefinite
Town Accountant	Lynne A. Barrett	Appointed	Indefinite
Treasurer/Collector	Pamela L. Borgatti	Appointed	Indefinite
Town Clerk	Laurence R. Pizer	Appointed	Indefinite
Legal Counsel	Kopelman & Paige, P.C.	Appointed	Indefinite

### Municipal Services

The Town provides general governmental services for the territory within its boundaries including police and fire protection, refuse disposal, public education in grades pre-kindergarten-12, streets, water, sewer and various other services including parks and recreation. Certain services are provided by Plymouth County including a jail and house of correction and a registry of deeds and probate. (See "INDEBTEDNESS - Overlapping Debt," below.)

### School Building Capacity

The Town provides 8 elementary schools with a combined capacity of 4,050, two middle schools (see below) with capacities of 1,600 and 1,000, respectively, and two high schools with a combined capacity of 2,400.

In April 1996, the Town authorized \$22,146,412 for the construction of a new middle school with a capacity of 1,000 that opened in the fall of 1998, resulting in an increased capacity at the middle school level from 1,600 to 2,600 students. In October 2000, the Town issued a total of \$11,246,000 for the construction and reconstruction of the Manomet and South Elementary Schools. The Town is receiving school building assistance grant payments from the Massachusetts School Building Authority for both projects which will cover 64 percent of eligible project costs, including principal and interest on notes and bonds issued to finance the projects.

On June 26, 2006, the Town authorized borrowing \$199,000,000 for construction of two new high schools and a senior center, subject in the case of the school projects to approval of grants from the Massachusetts School Building Authority. On September 19, 2006, the Town voted to exempt debt service on the projects from the limitations of Proposition 2 ½. The Town has received approval from the Massachusetts School Building Authority for a grant of approximately \$41,995,484 or 58.24% of the eligible project costs in connection with the North High School project. The Town has also received approval from the Massachusetts School Building Authority for a grant of approximately \$46,867,514 or 53.37% of the eligible project costs in connection with the South High School project.

## Public School Enrollments

	Actual				
	2013	2014	2015	2016	2017
Elementary	3,870	3,513	3,624	3,579	3,392
Middle School	1,702	1,832	1,735	1,729	1,759
Senior High	2,490	2,358	2,421	2,418	2,468
Total	8,062	7,703	7,780	7,726	7,619

Source: Superintendent of Schools.

## Local Economy

The Plymouth Downtown/Harbor District is the historical, commercial, cultural and governmental center of Plymouth. This area has been undergoing substantial renovation and reinvestment over the past decade. This is the result of a public/private partnership that brought new streets, sidewalks, utilities, signage, facades, benches and landscaping. Recent development highlights include a 303 unit residential apartment complex in Cordage Park, a Chick Fil A, and two recreational marijuana facilities (includes a 6% local tax). Plymouth's economy remains very much tied to the sea through both commercial fishing and tourism, which share a unique coexistence along the Town's waterfront. Lured by the Town's many historical attractions, beaches and other recreational opportunities, Plymouth attracts approximately one million visitors each year, whose spending contributes greatly to the health of the local economy, making tourism one of Plymouth's leading industries. Recent studies conclude that tourism is a \$350,000,000 a year industry in Plymouth. As Plymouth's tourist industry grows, local hotels are undergoing renovations and new hotels are being proposed. The 175 room, 1620 Hotel, formally the Radisson, has undergone a multi-million dollar renovation. The Pilgrim Sands, a 61 room hotel, has also been recently renovated; and the 50 room Mirbeau Hotel and spa is now open. In addition, a 108 room Marriot Fairfield Hotel is under construction on Commerce Way. The Town is enjoying a steady and healthy increase in tourism as it approaches the 400th anniversary of its founding.

Notable recent developments include: Elbow Pond Estates (60 home subdivision), Deer Run (39 home residential development), and Stone Gate (33 home development).

A Market Basket supermarket and several smaller retail businesses have opened within the 300,000 square foot Cranberry Crescent plaza.

At 875,000 square feet of building space, Colony Place and its Life Style Center continue to be a major regional retail destination. New businesses constructed in Colony Place include a Gentlemen's Warehouse, Aldi's Market, an Xfinity store, Best Jeep dealership and a Mazda car dealership. Current business in Colony Place include: Super Walmart, Dick's Sporting Goods, Petco, Starbuck's Coffee, Olive Garden, Moe's Southwestern Grill, Village Vineyard, Super Cuts, D'Angelo's Sandwich Shop, Sleepy's, Motherhood Maternity, The Children's Place, Justice for Girls, Gymboree, Icing, Jos. A. Banks, Panera Bread, Talbots, J Jill, Ann Taylor Loft, Coldstone Creamery, Lane Bryant Cacique, DSW Shoe Warehouse, Ulta, La-Z-Boy, Hallmark, Bath & Body Works, National Tire and Battery, Old Navy, Alden Park Bar and Grill, Charming Charlie, Bed Bath and Beyond, Jared Galleria of Jewelry, Kay Jewelers, Michael's, Red Robin, Sushi Joy, Best Buy, Pier 1 Imports, Aspen Dental and Visionworks and TGI Friday's.

## Pinehills Development

The Pinehills continues to grow with the opening and expansion of neighborhoods and new businesses in the Village Green and elsewhere in The Pinehills.

New activity in the Village Green in 2017 included:

- Opening by the Hanover Company of the new 220 apartment home neighborhood in the Village Green along Pinehills Drive and
- Opening of the new "Blueberry Muffin", bakery and coffee shop located on the Village Green.

Mirbeau Inn and Spa, in its fourth year of operation continues to build on its reputation and recognition by Conde Nast Traveler as a top 20 Resort in New England and a top 100 Hotel and Resort in the world.

In its sixth year of operation, the Rye Tavern on Old Sandwich Road continues to build on its reputation as a premiere dining destination.

New home sales at The Pinehills in 2016 remained strong with a total of 100 new homes sold, adding an estimated \$58 million in assessed property value for Plymouth. The total assessed value of The Pinehills approached \$1.2 billion, approximately \$1 billion attributable to residential property alone, and resulting in “net” annual property tax revenue to the Town of Plymouth of nearly \$18 million. New home sales at The Pinehills in 2017 remained strong with a total of 134 new building permits issued.

Pinehills Golf Club continues to be ranked as the top public golf course facility in New England and welcomes over 60,000 golfers annually in addition to attracting dozens of major corporate tournaments and outings to Plymouth each year.

### **Redbrook**

Redbrook, an A.D. Makepeace Company, continues to set the tone for South Plymouth. This new village’s setting is pure Plymouth, with cranberry bogs, towering trees and open skies. In accordance with the Master Plan Special Permit approved by the Planning Board, approximately one quarter of the 1,800-acre site will be developed, in a village consisting of 1,175 homes in a broad mix of styles and price points. In 2017, new homes sales at Redbrook exceeded expectations. At year end, more than 100 families resided at Redbrook, and 27 closings have already been scheduled for 2018. The recently approved Townhomes on the Green phase will feature 32 townhouse-style homes located just north of Redbrook’s Meeting House.

### **Other notable commercial development in 2017 includes:**

In 2017 a total of 436 permits were issued for new dwellings, 96 more units than in 2016 and represents the fourth highest number of yearly permits issued in the last 21 years. In the first quarter of 2018, 85 permits for new dwellings have already been issued.

In 2017, six new residential subdivisions were approved, creating 144 new residential lots/units.

Phases 1 and 2 of the Cordage Park Chapter 40R Seaport development were approved by the Planning Board which consists of 303 residential units and 9,521 square feet of commercial space.

Two subdivisions were approved, creating 13 new commercial lots.

The Zoning Board approved a request to convert Bradford Inn, LLC, an existing hotel, into 39 residential apartment units at 98 Water Street.

The Zoning Board approved a request to construct a 6000-sf building for vehicle and equipment repair and part as a wholesale, distribution and storage facility at 103 Hedges Pond Road.

The Zoning Board approved a request for a 108 room Fairfield Inn & Suites Hotel on the property at 16 Plaza Way.

The Zoning Board approved a request to construct a 55,100 SF planned shopping center on the property of Plymouth Par LLC, 49 Commerce Way.

### **Other transportation infrastructure includes:**

Plymouth Municipal Airport is a general aviation airport serving the recreational, corporate and business aviation needs for the Plymouth area and is a gateway to the community and southeastern Massachusetts. After recent capital projects, the airport now has two 4,350 foot runways, with 155 based aircraft, 16 based aviation companies with over 210 employees. Located on 785 acres, the municipal airport has an annual activity of approximately 60,000 takeoffs and landings, ranging from small recreational aircraft to corporate jet traffic. The airport is headquarters for the Massachusetts State Police Airwing and home to Boston Medflight helicopter service. As a gateway to the community, the airport has frequent transient corporate aircraft utilizing the airport while conducting business in the area.

Plymouth & Brockton Street Railway, provides daily bus service to Boston, Logan Airport and points along the south shore and Cape Cod.

The restoration of the Old Colony (MBTA) Commuter Rail in 1997 has created a positive development impact, connecting North Plymouth to Boston’s South Station.

The Plymouth Area Link (PAL) is the local public transit service established in 1997, providing connections between the MBTA rail stations, as well as the Downtown Harbor District, Jordan Hospital, Plymouth Public Library and the Plymouth Industrial Park.



## Population

	Plymouth		Plymouth County		Massachusetts	
	<u>Total</u>	<u>% Increase (Decrease)</u>	<u>Total</u>	<u>% Increase (Decrease)</u>	<u>Total</u>	<u>% Increase (Decrease)</u>
2010	56,468	9.2%	494,919	4.7%	6,547,629	3.1%
2000	51,701	13.4	472,822	8.6	6,349,097	5.5
1990	45,608	27.0	435,276	7.4	6,016,425	4.9
1980	35,913		405,437		5,737,037	

Source: U.S. Department of Commerce, Bureau of the Census.

## Age, Income and Wealth Levels

The following table compares the age, income and wealth level averages among the Town of Plymouth, the Commonwealth and the United States as a whole:

	<u>Plymouth</u>	<u>Massachusetts</u>	<u>U.S.</u>
<b>Median Age:</b>			
2010	41.4	39.1	37.2
2000	36.5	36.5	35.3
1990	32.6	33.6	32.9
<b>Median Family Income:</b>			
2010	\$74,767	\$81,165	\$51,144
2000	63,266	61,664	50,046
1990	45,212	44,367	35,225
<b>Per Capita Income:</b>			
2010	\$33,163	\$33,966	\$27,334
2000	23,732	25,952	21,587
1990	15,882	17,224	14,420

Source: U.S. Department of Commerce, Bureau of Census.

## Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training, in March 2018, the Town had a total labor force of 32,404, of whom 30,954 were employed and 1,450 or 4.5% were unemployed as compared with 3.8% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2013 through 2017 and the unemployment rates for Plymouth, the Commonwealth and the United States for the same period.

Year	Town of Plymouth			Massachusetts			United States	
	<u>Labor Force</u>	<u>Unemployment Rate</u>		<u>Unemployment Rate</u>			<u>Unemployment Rate</u>	
2017	31,512	3.8	%	3.7	%			%
2016	31,033	4.0		3.9			4.9	
2015	30,701	5.0		4.8			5.3	
2014	30,445	6.0		5.7			6.2	
2013	30,075	7.0		6.7			7.4	

Source: Massachusetts Division of Employment and Training.

## Employment by Industry

Industry	Calendar Year Average				
	2012	2013	2014	2015	2016
Construction	999	1,089	1,168	1,294	1,390
Manufacturing	1,194	1,142	1,163	1,111	1,114
Trade, Transportation and Utilities	5,305	5,351	5,347	5,601	5,844
Information	644	638	647	552	526
Financial Activities	761	778	769	804	815
Professional and Business Services	1,781	1,995	1,949	2,017	1,879
Education and Health Services	6,681	7,009	7,070	7,027	7,197
Leisure and Hospitality	3,716	3,884	4,018	4,173	4,270
Other Services	779	702	773	800	859
Public Administration	1,650	1,432	1,485	1,513	1,514
Total Employment	23,510	24,020	24,389	24,892	25,408
Number of Establishments	1,638	1,660	1,704	1,748	1,821
Average Weekly Wages	\$ 849	\$ 876	\$ 900	\$ 926	\$ 921
Total Wages	\$ 1,038,922,395	\$ 1,095,066,016	\$ 1,142,822,959	\$ 1,200,269,843	\$ 1,217,117,422

Source: Massachusetts Department of Employment and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

## Major Employers

<u>Employer</u>	<u>Sector</u>	<u>Number of Employees</u>
Plymouth, Town of	Government	1,000 – 4,999
Beth Israel Deaconess Hospital	Healthcare	500-999
Pilgrim Nuclear Station	Utility	500-999
Plymouth County Correctional	Correctional Facility	500-999
Plymouth County Sheriff	Law Enforcement	500-999
PA Landers Inc.	Retail	250-499
Plymouth Rehab & Healthcare.	Healthcare	250-499
Smart Pak Equine LLC	Machinery/Equipment	250-499
Tech Etch Inc.	Manufacturing	250-499
Walmart Supercenter	Retail	250-499

Source: Executive Office of Labor and Workforce Development, March 2017.

## Building Permits

Calendar Year	New Construction				Additions/Alterations Renovation		Total	
	Residential		Non-Residential		Residential and Non-Residential			
	No.	Value	No.	Value	No.	Value	No.	Value
2017	435	\$ 82,243,325	356	\$ 43,264,211	1,642	\$ 60,881,706	2,433	\$ 186,389,242
2016	310	75,261,240	332	38,280,034	1,820	72,513,877	2,462	186,055,151
2015	293	57,261,040	235	136,971,812 (1)	1,872	64,241,391	2,400	258,474,243
2014	246	51,437,053	346	45,767,044	1,821	51,780,280	2,413	148,984,377
2013	245	48,532,769	324	45,854,329	1,464	52,242,730	2,033	146,629,828

Source: Town of Plymouth Building Inspector.

(1) Increase attributable to Town's school construction project.

## Housing Values - Specified Owner-Occupied (One Unit, Detached or Attached)

	Plymouth		Plymouth County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than \$100,000	623	5.0 %	6,583	6.0 %	113,263	9.5 %
100,000 - 149,999	3,712	29.8	29,094	26.4	277,571	23.4
150,000 - 199,999	4,864	39.1	30,412	27.6	273,542	23.0
200,000 - 299,999	2,416	19.4	26,133	23.7	286,599	24.1
300,000 - 499,999	675	5.4	13,792	12.5	170,536	14.4
500,000 or more	153	1.2	4,210	3.8	66,360	5.6
Total	12,443	100.0 %	110,224	100.0 %	1,187,871	100.0 %
Median Value	\$166,300		\$179,200		\$185,700	

Source: Federal Census (2010)

## PROPERTY TAXATION

The principal revenue source of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

### Tax Levy Computation

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Total Appropriations	\$ 237,962,482	\$ 223,735,522	\$ 215,242,915	\$ 204,327,848	\$ 192,474,726
Additions:					
State and County Assessments	8,829,064	8,716,280	8,635,516	7,765,782	7,271,444
Overlay Reserve (1)	949,910	1,028,418	971,512	1,114,121	1,062,975
Other Additions	847,177	1,469,421	726,184	1,033,183	923,725
Total Additions	10,626,150	11,214,119	10,333,213	9,913,086	9,258,144
Gross Amount to be Raised	248,588,632	234,949,641	225,576,128	214,240,934	201,732,870
Deductions:					
Local Estimated Receipts	37,456,166	37,100,058	37,101,111	34,777,448	31,567,116
State Estimated Receipts (2)	33,361,983	32,066,931	32,013,940	31,646,412	31,222,134
Available Funds:					
Free Cash	7,168,538	4,831,712	4,739,269	6,658,662	6,012,614
Other	4,222,443	3,825,053	3,201,110	2,714,524	2,771,078
Total Deductions	82,209,129	77,823,754	77,055,429	75,797,046	71,572,941
Net Amount to be Raised (Tax Levy)	\$ 166,379,503	\$ 157,125,887	\$ 148,520,699	\$ 138,443,888	\$ 130,159,928
Tax Rate (per \$1,000 Assessed Value)	\$ 16.46	\$ 16.58	\$ 16.27	\$ 15.54	\$ 15.13

Source: Board of Assessors.

(1) Allowance for abatements.

(2) Includes state aid as well as other payments from the Commonwealth. Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

## Assessed Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The following table sets forth the trend in the Town's assessed valuations, tax rates and tax levies for the following fiscal years:

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000	Tax Levy	Tax Levy Per Capita
2018	\$ 9,749,590,589	\$ 358,520,182	\$ 10,108,110,771	\$ 16.46	\$ 166,379,503	\$ 3,218
2017	9,146,451,448	330,381,327	9,476,832,775	16.58	157,125,887	3,039
2016	8,822,818,034	305,682,189	9,128,500,223	16.27	148,520,699	2,873
2015	8,643,942,532	264,930,551	8,908,873,083	15.54	138,443,888	2,678
2014	8,377,061,777	225,709,450	8,602,771,227	15.13	130,159,929	2,518

## Classification of Property

Following is a breakdown by property type of the Town's assessed valuations for the following fiscal years:

Property Type	Fiscal 2018		Fiscal 2017		Fiscal 2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 8,106,067,682	80.2 %	\$ 7,553,965,815	79.7 %	\$ 7,239,493,061	79.3 %
Commercial	902,270,034	8.9	846,438,347	8.9	833,858,034	9.1
Industrial	741,252,873	7.3	746,047,286	7.9	749,466,939	8.2
Personal	358,520,182	3.5	330,381,327	3.5	305,682,189	3.3
Total	<u>\$ 10,108,110,771</u>	<u>100.0 %</u>	<u>\$ 9,476,832,775</u>	<u>100.0 %</u>	<u>\$ 9,128,500,223</u>	<u>100.0 %</u>

Source: Massachusetts Department of Revenue.

## Largest Taxpayers

Following is a list of the Town's ten largest taxpayers based on fiscal 2018 assessed valuations, all of which are current in their tax payments.

Name	Nature of Business	Fiscal 2018 Assessed Valuation	Fiscal 2018 Tax Levy	% of Gross Levy
Entergy Nuclear (1)	Utility/Land	\$ 547,466,673	\$ 9,000,000	5.41 %
Nstar Electric Co.	Utility	168,253,300	2,789,640	1.68
Pine Hills LLC	Land Development	45,262,860	750,458	0.45
PH Apartments Venture LLC	Apartments	38,560,300	639,330	0.38
Verizon New England	Utility	37,515,300	622,004	0.37
Colony Place Dev. LLC	Retail	35,650,500	591,085	0.36
Nstar Gas	Utility	35,195,360	583,539	0.35
Colony Place Plaza LLC	Retail/Land Development	29,560,900	490,120	0.29
Avalonbay Communities	Apartments	27,366,790	453,741	0.27
Algonquin Gas Transmission	Utility	26,847,500	445,132	0.27
Total		<u>\$ 991,679,483</u>	<u>\$ 16,365,048</u>	<u>9.84 %</u>

Source: Board of Assessors.

- (1) In July 1999, Boston Edison Company sold the Pilgrim I Nuclear Power Generating Station to Entergy Nuclear Generation Company ("Entergy"). Prior to the sale, the Town reached an agreement with Boston Edison that provided annual payments to the Town of \$13,000,000 from fiscal 2002 through fiscal 2005, \$12,000,000 in fiscal 2006, \$11,000,000 in fiscal 2007 and \$1,000,000 in fiscal 2008 through 2012, at which time the existing license expired. On April 24, 2007, Town officials announced that the Town had reached a successor five year Payment in Lieu of Taxes ("PILOT") agreement with Entergy. A successor three year agreement was reached in August of 2013 covering years 2014 to 2016 and a one year extension was agreed to in December 2014, covering 2017. Highlights of the agreement include:

The initial five year agreement with a reopener provision included the following PILOT revenue:

	<u>PILOT Revenue</u>
FY 08	\$8,496,250
FY 09	8,264,000
FY 10	8,579,250
FY 11	9,780,000
FY 12	9,688,000
FY 13	9,926,000

The current three year agreement, signed August 13, 2013 and extended December 17, 2014, includes the following PILOT revenue:

	<u>PILOT Revenue</u>
FY 14	\$10,000,000
FY 15	9,500,000
FY 16	9,250,000
FY 17	9,250,000

In October 2015, Entergy announced it will close the Pilgrim Nuclear Power Station no later than June 1, 2019. A successor PILOT agreement with Entergy to cover FY2018 and FY2019 has been negotiated (with FY2018 PILOT revenue of \$9 million and FY2019 PILOT revenue of \$8.5 million) and the Town approved it at the Spring 2017 Annual Town Meeting. The current agreement prohibits Entergy from seeking manufacturing corporation exemptions or pollution control equipment abatements, thereby avoiding a potential reduction in value, through the PILOT term and continues to protect 1,500 acres of Entergy property from development and provides the Town with the right of first refusal to purchase the property. The decommissioning schedule of the power plant and reuse options for the facility and surrounding 1,500 acre parcel is under consideration.

## Abatements and Overlay

The Town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserve for the last five fiscal years and abatements and exemptions granted for each fiscal year:

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements & Exemptions Granted as of June 30, 2017
		Dollar Amount	As a % of Net Levy	
2017	\$ 156,097,469	\$ 1,028,418	0.66 %	\$ 607,903
2016	147,549,186	971,512	0.66	614,431
2015	137,329,767	1,114,121	0.81	816,172
2014	129,096,954	1,062,975	0.82	680,460
2013	123,284,968	989,430	0.80	761,314

Source: Board of Assessors.

(1) Tax levy prior to addition of overlay reserve.

## Tax Collections

In fiscal 1992, the Town adopted the quarterly tax billing statute. Under that statute, preliminary tax payments are due on August 1 and November 1, with payment of the actual bill (after credit is given for the preliminary payments) in installments on February 1 and June 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

The following table presents a five-year history of tax collections of the Town:

Fiscal Year	Gross Tax Levy	Overlay Reserve For Abatements	Net Tax Levy (1)	% of Net Collected at FY - End (2)(3)
2017	\$ 157,125,887	\$ 1,028,418	\$ 156,097,469	98.6 %
2016	148,520,699	971,512	147,549,186	98.7
2015	138,443,888	1,114,121	137,329,767	98.2
2014	130,159,929	1,062,975	129,096,954	95.0
2013	124,274,398	989,430	123,284,968	98.9

Source: Board of Assessors as to levies; Town Accountant as to collections.

(1) Less overlay reserve for abatements.

(2) i.e., at the end of the fiscal year for which levied.

(3) Collections for the current fiscal year are comparable to previous fiscal years.

## Tax Titles and Possessions

Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

## Taxes Outstanding

The following table sets forth current and aggregate taxes outstanding and tax titles and tax possessions as of fiscal year end for the five previous fiscal years:

<u>As of June 30</u>	<u>Taxes Outstanding Current Fiscal Year</u>	<u>Aggregate Taxes Outstanding (1)</u>	<u>Tax Titles</u>	<u>Tax Possessions</u>
2017	\$1,770,309	\$1,842,142	\$463,864	\$1,665,613
2016	2,198,591	2,259,541	520,696	1,743,378
2015	2,498,712	2,825,071	578,506	1,657,123
2014	1,862,794	88,295	1,155,975	1,569,162
2013	1,337,036	110,984	1,059,194	1,515,120

Source: Town Accountant.

(1) For five prior fiscal years. Excludes abated taxes; includes taxes in litigation, if any.

## Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables at public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

## Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay," above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates, and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.



## Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as “Proposition 2½”, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

## Unused Levy Capacity (1)

The following table sets forth the Town's tax levy limits and unused levy capacity for the following fiscal years:

	For Fiscal Year				
	2018	2017	2016	2015	2014
Primary Levy Limit (2)	\$ 252,702,769	\$ 236,920,819	\$ 228,212,506	\$ 222,721,827	\$ 215,069,281
Prior Fiscal Year Levy Limit	\$ 155,423,807	\$ 148,423,560	\$ 142,002,362	\$ 135,161,614	\$ 130,357,958
2.5% Levy Growth	3,885,595	3,710,589	3,550,059	3,379,040	3,258,949
New Growth (3)	3,502,085	3,289,658	2,871,139	3,461,708	1,544,707
Overrides	-	-	-	-	-
Growth Levy Limit	162,811,487	155,423,807	148,423,560	142,002,362	135,161,614
Debt Exclusions	7,976,950	5,975,823	5,948,147	3,835,776	3,879,110
Capital Expenditure Exclusions	-	-	-	-	-
Tax Levy Limit	\$ 170,788,437	\$ 161,399,630	\$ 154,371,707	\$ 145,838,138	\$ 139,040,724
Tax Levy	166,379,503	157,125,887	148,520,699	138,443,888	130,159,929
Unused Levy Capacity (4)	\$ 4,408,934	\$ 4,273,743	\$ 5,851,008	\$ 7,394,250	\$ 8,880,795
Unused Primary Levy Capacity (5)	\$ 89,891,282	\$ 81,497,012	\$ 79,788,946	\$ 80,719,465	\$ 79,907,667

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

## State Equalized Valuations

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value."

The following table sets forth the trend in equalized valuations of the Town of Plymouth:

January 1	State Equalized Valuation	% Change
2016	\$ 9,660,314,400	7.8 %
2014	8,960,909,400	(3.8)
2012	9,317,758,400	(5.7)
2010	9,880,984,900	(6.7)
2008	10,588,136,000	6.3
2006	9,961,552,300	32.3

## Pledged Taxes

Taxes on increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

## **Impact of Proposition 2 ½**

As demonstrated by the table on the previous page, the Town's primary response to the fiscal constraints imposed by Proposition 2 ½ has been acceptance of the debt exclusion provisions on a portion of its long-term debt. In fiscal 1996 the Town voted to override Proposition 2 ½, lowering the tax levy limit by \$2,000,000. On September 19, 2006, the Town voted to exempt the debt service associated with the Town's share of a \$199,000,000 authorization for the construction of two new high schools and a senior center. The Town has completed the Plymouth North High School and is moving forward with the Plymouth South High School for which the Massachusetts School Building Authority has approved for construction grants equaling approximately 59%.

## **Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

## **Community Preservation Act**

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has accepted the CPA and set the surcharge rate at 1.5%. The Town implemented the program in fiscal 2003 and will utilize revenues to pay for a variety of municipal projects eligible for financing under the CPA. From fiscal 2013 through 2017 the Town raised community preservation revenues in excess of \$12,893,271, excluding state matching funds.

<u>Fiscal Year</u>	<u>Total CPA Fiscal Year Revenues</u>
2017	\$ 2,754,129
2016	2,903,517
2015	2,633,506
2014	2,831,407
2013	1,770,712

## TOWN FINANCES

### The Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April or May. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Water and sewer department expenditures are included in the budgets adopted by city councils and town meetings, but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation, any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

Under certain circumstances and subject to certain limits, the board of selectmen of a town with the concurrence of the finance committee may transfer any amount appropriated for the use of any department to any other appropriation for the same department or to any other department.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION," above.)

### Operating Budget Trends

The following table sets forth the trend in the Town's operating budgets:

	Fiscal 2019 As Voted	Fiscal 2018 Revised Budget	Fiscal 2017 Revised Budget	Fiscal 2016 Revised Budget	Fiscal 2015 Revised Budget
Administrative Services	\$ 2,784,637	\$ 2,543,793	\$ 2,345,853	\$ 2,214,839	\$ 1,718,210
Department of Finance	3,373,861	3,143,171	2,689,719	2,373,579	2,767,932
Department of Planning & Development	904,273	891,513	850,139	784,644	727,923
Public Safety Services	23,954,519	23,171,830	22,083,620	20,339,289	20,026,585
Marine & Environmental	1,113,686	1,085,837	1,018,974	930,733	857,370
Department of Public Works	7,078,750	6,645,339	6,226,658	5,808,329	5,976,544
Inspectional Services	1,031,517	1,022,954	955,661	924,048	867,436
Community Resources	3,643,959	3,446,742	3,334,640	3,548,132	3,013,965
Fixed Costs	60,467,400	57,429,844	54,729,049	53,408,096	48,680,915
Debt Service	17,163,051	17,147,127	13,564,931	13,562,463	10,600,862
Schools	97,034,575	94,194,034	90,102,258	85,199,071	82,423,692
Total Operating Budget	\$ 218,550,228	\$ 210,722,184	\$ 197,901,502	\$ 189,093,223	\$ 177,661,434
Enterprise (1):					
Airport	2,635,922	2,860,738	2,613,438	2,776,096	2,559,392
Sewer	5,922,809	4,821,015	4,491,322	4,523,096	4,319,586
Water	4,160,002	4,227,147	3,463,848	3,479,738	3,187,735
Solid Waste	2,325,772	2,325,300	2,226,715	2,144,103	1,828,865
Total	\$ 233,594,733	\$ 224,956,384	\$ 210,696,825	\$ 202,016,256	\$ 189,557,012

Source: Chief Financial Officer.

(1) Established under Chapter 44 of the Massachusetts General Law as Enterprise Funds (Formerly part of the Department of Public Works.).

## Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The Town has routinely exceeded its spending requirements as mandated by the Education Reform Act since its inception.

## Revenues

**Property Taxes** - Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "PROPERTY TAXATION - Tax Limitations," above.

**State Distributions**- In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid are subject to amendment by the state legislature, and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

The following table sets forth the amount of state aid received by the Town for fiscal years 2013 through 2017:

<u>Fiscal Year</u>	<u>Total State Aid</u>
2017	\$ 30,377,935
2016	29,907,544
2015	29,664,468
2014	29,377,239
2013	28,136,606

Source: Town Accountant.

## State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

**Federal Aid:** In addition to state aid, the Town receives certain amounts of federal aid. Following is a history of the federal aid receipts of the Town for fiscal years 2013 through 2017:

<u>Fiscal Year</u>	<u>Total Federal Aid</u>
2017	\$ 7,565,509
2016	12,026,284
2015	7,333,155
2014	7,533,155
2013	10,876,216

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Source: Town Accountant.

**The Motor Vehicle Excise Tax** - An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table sets forth the trend in the Town's Motor Vehicle Excise collections:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2017	\$ 8,843,191
2016	8,619,741
2015	6,286,288
2014	5,880,256
2013	6,713,668

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(1) Net after refunds. Includes receipts from prior years' levies.

**Local Option Meals Tax:** The State Legislature recently added a new chapter to the General Laws, chapter 64L: "Local Option Meals Excise." Under this chapter, a city or town that accepts the provisions of this chapter may impose a local sales tax on the sale of restaurant meals originating within the city or town by a vendor at the rate of .75 percent of the gross receipts of the vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the city or town in which the meal was sold. The Town adopted the local option meals tax effective July 1, 2014 and anticipates this tax to generate revenue of approximately \$1.2 million per year. The Town generated \$1,323,135 in revenues in fiscal 2016 and \$1,394,272 in fiscal year 2017. Pursuant to recent special legislation, revenues from the meals tax is deposited in a dedicated fund to finance the construction, renovation, and operation of the 1820 courthouse project. The balance in the fund as of June 30, 2017 was \$3,256,049. The legislation for the special fund share expire at the end of fiscal year 2040.

**Hotel/Motel Taxes:** Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed 6 percent of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions.

Commencing in fiscal 1994, the Town created a Tourism Promotion Fund to be funded by a portion of the Town's Hotel/Motel tax receipts (25 percent in 1994, 35 percent in 1995, and 45 percent in 1996 and thereafter). The funds are appropriated for capital and other purposes that promote the Town's tourist industry. On October 29, 2009 the Town adopted an increase in the room occupancy tax to 6% which was effective January 1, 2010.

Following is a five-year history of revenues derived from the Hotel/Motel tax:

<u>Fiscal Year</u>	<u>Receipts</u>
2017	\$ 1,409,964
2016	1,446,004
2015	1,327,379
2014	1,118,013
2013	1,000,263

Source: Town Accountant.

**Water and Sewer Rates and Services:** At the 2000 Annual Town Meeting, the Town approved placing water and sewer services, which are provided to 69 percent and 15 percent of the Town, respectively, on an enterprise basis effective for fiscal 2001. Water rates for both domestic and commercial users are billed according to a metered rate and sewer rates are based on water usage. Water and sewer rates are billed on a semi-annual basis.

Water revenues and operating expenses (including debt service, equipment purchases, employee benefits and other administrative costs) for the past five fiscal years are shown in the table below.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses</u>
2017	\$ 5,225,948	\$ 3,898,823
2016	5,464,611	3,600,733
2015	4,540,948	3,056,323
2014	4,120,014	3,357,137
2013	4,366,643	3,497,253



Sewer revenues and operating expenses (including debt service, equipment purchases, employee benefits and other administrative costs) for the past five fiscal years are shown in the table below.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses</u>
2017	\$ 5,503,366	\$ 5,208,076
2016	4,883,831	5,179,977
2015	4,792,387	4,309,702
2014	4,808,637	4,915,461
2013	4,890,026	4,777,804

**Solid Waste Revenues and Expenditures** – Effective in fiscal 2003 the Town placed solid waste services on an enterprise basis. Solid waste revenues and operating expenses (including debt service, equipment purchases, employee benefits and other administrative costs) for the past five fiscal years are shown in the table below.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses</u>
2017	\$ 2,644,290	\$ 2,073,208
2016	2,442,247	2,073,816
2015	2,104,915	1,925,456
2014	1,850,307	1,863,569
2013	1,817,263	1,329,311

**Airport Revenues and Expenditures** – Since the 2000 Annual Town Meeting the Town has accounted for the municipal airport operations on an enterprise basis. Airport revenues and expenses for the past five fiscal years are shown in the table below.

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenses</u>
2017	\$ 4,833,600	\$ 4,541,621
2016 (1)	7,555,002	7,649,122
2015	3,563,863	3,285,764
2014	2,587,595	2,415,597
2013	2,286,796	2,014,366

(1) In addition to its regular operations, airport revenues and expenses include various capital projects funded through grants from state and federal aviation agencies. In fiscal year 2016 the airport started a major runway expansion project; revenues of which were \$5,494,852 and expenditures were \$5,916,274. This project is funded 96% from state and federal grants.

## Annual Audits

The Town's accounts for fiscal 2017 were audited by Powers & Sullivan, Certified Public Accountants, of Wakefield, Massachusetts.

The attached report speaks only as of its date, and only to the matters expressly set forth herein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

## Financial Statements

Set forth on the following pages are Governmental Fund Balance Sheets for fiscal years ending 2017, 2016 and 2015 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ending June 30, 2013 through 2017. All such financial statements have been compiled or extracted from the Town's annual audited financial statements.

**TOWN OF PLYMOUTH, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2017 (1)**

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and short-term investments	\$ 25,159,530	\$ 4,390,118	\$ 7,041,858	\$ 7,344,488	\$ 20,716,872	\$ 64,652,866
Investments	15,520,808	-	-	-	2,506,909	18,027,717
Receivables, net of uncollectibles:						
Real estate and personal property taxes	2,397,489	-	-	-	-	2,397,489
Tax liens	324,639	4,406	-	-	-	329,045
Motor vehicle excise taxes	837,210	-	-	-	-	837,210
Departmental and other	1,324	26,664	-	-	-	27,988
Special assessments	-	-	-	-	733,366	733,366
Intergovernmental	5,719,970	389,552	-	8,733,796	1,689,694	16,533,012
Tax foreclosures	1,641,560	-	-	-	-	1,641,560
<b>TOTAL ASSETS:</b>	<b>\$ 51,602,530</b>	<b>\$ 4,810,740</b>	<b>\$ 7,041,858</b>	<b>\$ 16,078,284</b>	<b>\$ 25,646,841</b>	<b>\$ 105,180,253</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 3,515,171	\$ 614,342	\$ 2,457,371	\$ -	\$ 2,201,621	\$ 8,788,505
Accrued payroll	763,330	-	-	-	41,358	804,688
Tax refunds payable	90,000	-	-	-	-	90,000
Payroll withholdings	9,946	-	-	-	-	9,946
Abandoned property	129,576	-	-	-	-	129,576
Notes payable	-	3,725,000	-	-	135,000	3,860,000
<b>TOTAL LIABILITIES:</b>	<b>4,508,023</b>	<b>4,339,342</b>	<b>2,457,371</b>	<b>-</b>	<b>2,377,979</b>	<b>13,682,715</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues	9,617,684	420,622	-	-	2,002,743	12,041,049
<b>FUND BALANCES:</b>						
Nonspendable	-	-	-	-	1,476,394	1,476,394
Restricted	1,871,855	50,776	4,584,487	16,078,284	19,789,725	42,375,127
Committed	1,368,544	-	-	-	-	1,368,544
Assigned	8,405,160	-	-	-	-	8,405,160
Unassigned	25,831,264	-	-	-	-	25,831,264
<b>TOTAL FUND BALANCES:</b>	<b>37,476,823</b>	<b>50,776</b>	<b>4,584,487</b>	<b>16,078,284</b>	<b>21,266,119</b>	<b>79,456,489</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 51,602,530</b>	<b>\$ 4,810,740</b>	<b>\$ 7,041,858</b>	<b>\$ 16,078,284</b>	<b>\$ 25,646,841</b>	<b>\$ 105,180,253</b>

(1) Extracted from the Town's audited financial statements.

# TOWN OF PLYMOUTH, MASSACHUSETTS (1)

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2016

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 14,976,495	\$ 4,835,312	\$ 11,909,668	\$ 25,555,468	\$ 16,376,072	\$ 73,653,015
Investments.....	14,052,163	-	-	-	1,497,346	15,549,509
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	2,778,786	-	-	-	-	2,778,786
Tax liens.....	520,696	7,024	-	-	-	527,720
Motor vehicle excise taxes.....	812,212	-	-	-	-	812,212
Departmental and other.....	9,569	31,537	-	-	-	41,106
Special assessments.....	-	-	-	-	762,121	762,121
Intergovernmental.....	7,249,661	440,684	-	4,827,575	2,229,609	14,747,529
Tax foreclosures.....	1,711,497	-	-	-	-	1,711,497
Due from other funds.....	10,002,752	-	-	-	-	10,002,752
<b>TOTAL ASSETS.....</b>	<b>\$ 52,113,831</b>	<b>\$ 5,314,557</b>	<b>\$ 11,909,668</b>	<b>\$ 30,383,043</b>	<b>\$ 20,865,148</b>	<b>\$ 120,586,247</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 5,858,643	\$ 263,434	\$ 1,269,245	\$ 6,824,409	\$ 2,273,596	\$ 16,489,327
Accrued payroll.....	601,003	-	-	-	26,362	627,365
Tax refunds payable.....	240,000	-	-	-	-	240,000
Payroll withholdings.....	4,696	-	-	-	-	4,696
Abandoned property.....	122,544	-	-	-	-	122,544
Notes payable.....	-	-	20,000,000	20,000,000	3,151,858	43,151,858
<b>TOTAL LIABILITIES.....</b>	<b>6,826,886</b>	<b>263,434</b>	<b>21,269,245</b>	<b>26,824,409</b>	<b>5,451,816</b>	<b>60,635,790</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues.....	11,538,121	479,244	-	-	2,991,731	15,009,096
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	1,438,594	1,438,594
Restricted.....	2,070,502	4,571,879	-	3,558,634	14,342,090	24,543,105
Committed.....	3,613,140	-	-	-	-	3,613,140
Assigned.....	6,083,088	-	-	-	-	6,083,088
Unassigned.....	21,982,094	-	(9,359,577)	-	(3,359,083)	9,263,434
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>33,748,824</b>	<b>4,571,879</b>	<b>(9,359,577)</b>	<b>3,558,634</b>	<b>12,421,601</b>	<b>44,941,361</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 52,113,831</b>	<b>\$ 5,314,557</b>	<b>\$ 11,909,668</b>	<b>\$ 30,383,043</b>	<b>\$ 20,865,148</b>	<b>\$ 120,586,247</b>

(1) Extracted from the Town's audited financial statements.

# TOWN OF PLYMOUTH, MASSACHUSETTS (1)

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2015

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 21,889,806	\$ 3,905,028	\$ 2,335,791	\$ 21,510,810	\$ 14,812,511	\$ 64,453,946
Investments.....	11,854,981	888,386	-	-	1,467,249	14,210,616
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	3,073,628	-	-	-	-	3,073,628
Tax liens.....	578,506	6,479	-	-	2,306	587,291
Motor vehicle excise taxes.....	922,412	-	-	-	-	922,412
Departmental and other.....	31,115	34,253	-	-	-	65,368
Special assessments.....	-	-	-	-	812,671	812,671
Intergovernmental.....	8,582,804	593,048	-	329,229	3,824,715	13,329,796
Tax foreclosures.....	1,657,123	-	-	-	-	1,657,123
<b>TOTAL ASSETS.....</b>	<b>\$ 48,590,375</b>	<b>\$ 5,427,194</b>	<b>\$ 2,335,791</b>	<b>\$ 21,840,039</b>	<b>\$ 20,919,452</b>	<b>\$ 99,112,851</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 2,839,402	\$ 9,201	\$ 6,920	\$ 261,626	\$ 961,460	\$ 4,078,609
Accrued payroll.....	1,040,224	-	-	-	45,935	1,086,159
Tax refunds payable.....	212,000	-	-	-	-	212,000
Payroll withholdings.....	6,147	-	-	-	-	6,147
Abandoned property.....	122,282	-	-	-	-	122,282
Notes payable.....	-	-	5,000,000	-	902,000	5,902,000
<b>TOTAL LIABILITIES.....</b>	<b>4,220,055</b>	<b>9,201</b>	<b>5,006,920</b>	<b>261,626</b>	<b>1,909,395</b>	<b>11,407,197</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues.....	13,574,583	633,781	-	-	4,002,419	18,210,783
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	1,396,594	1,396,594
Restricted.....	2,279,183	4,784,212	-	21,578,413	14,354,201	42,996,009
Committed.....	4,721,466	-	-	-	-	4,721,466
Assigned.....	5,021,140	-	-	-	-	5,021,140
Unassigned.....	18,773,948	-	(2,671,129)	-	(743,157)	15,359,662
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>30,795,737</b>	<b>4,784,212</b>	<b>(2,671,129)</b>	<b>21,578,413</b>	<b>15,007,638</b>	<b>69,494,871</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 48,590,375</b>	<b>\$ 5,427,194</b>	<b>\$ 2,335,791</b>	<b>\$ 21,840,039</b>	<b>\$ 20,919,452</b>	<b>\$ 99,112,851</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF PLYMOUTH, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2017 (1)**

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>REVENUES:</u></b>						
Real estate and personal property taxes, net of tax refunds	\$ 156,078,927	\$ -	\$ -	\$ -	\$ -	\$ 156,078,927
Tax Liens	1,559,140	-	-	-	-	1,559,140
Motor Vehicle and other excise taxes	9,008,098	-	-	-	-	9,008,098
Community preservation tax	-	2,276,962	-	-	-	2,276,962
Penalties and interest on taxes	909,458	-	-	-	-	909,458
Payments in lieu of taxes	74,724	-	-	-	-	74,724
Intergovernmental-federal	691,726	-	-	-	7,868,665	8,560,391
Intergovernmental-state	52,534,709	440,684	-	27,864,027	7,203,323	88,042,743
Departmental and other	6,859,783	-	-	-	8,347,942	15,207,725
Contributions	-	-	204,369	-	860,159	1,064,528
Investment Income/(loss)	866,518	36,483	-	-	28,467	931,468
Total Revenues	<u>228,583,083</u>	<u>2,754,129</u>	<u>204,369</u>	<u>27,864,027</u>	<u>24,308,556</u>	<u>283,714,164</u>
<b><u>EXPENDITURES:</u></b>						
Current:						
General government	8,571,571	-	19,036,305	-	2,074,485	29,682,361
Public safety	24,180,242	-	-	-	787,438	24,967,680
Education	97,716,257	-	-	47,594,972	10,227,414	155,538,643
Public works	9,333,705	-	-	-	8,723,302	18,057,007
Human services	1,434,519	-	-	-	232,804	1,667,323
Culture and recreation	2,831,365	-	-	-	1,371,118	4,202,483
Community preservation	-	7,275,232	-	-	-	7,275,232
Pension benefits	30,384,457	-	-	-	-	30,384,457
Employee benefits	38,531,121	-	-	-	-	38,531,121
State and county charges	1,082,997	-	-	-	-	1,082,997
Debt service:						
Principal	8,134,901	-	-	-	-	8,134,901
Interest	5,422,172	-	-	-	-	5,422,172
Total Expenditures	<u>227,623,307</u>	<u>7,275,232</u>	<u>19,036,305</u>	<u>47,594,972</u>	<u>23,416,561</u>	<u>324,946,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>959,776</u>	<u>(4,521,103)</u>	<u>(18,831,936)</u>	<u>(19,730,945)</u>	<u>891,995</u>	<u>(41,232,213)</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>						
Issuance of bonds	-	-	31,010,000	30,000,000	7,665,000	68,675,000
Proceeds from refunding bonds	8,390,125	-	-	-	-	8,390,125
Premium from issuance of bonds and notes	-	-	1,766,000	-	3,270,155	5,036,155
Premium from issuance of refunding bonds	1,099,698	-	-	-	-	1,099,698
Payments to refunded bond escrow agent	(9,489,823)	-	-	-	-	(9,489,823)
Sale of assets	-	-	-	-	20,000	20,000
Transfers in	4,040,737	-	-	2,250,595	1,212,607	7,503,939
Transfers out	(1,272,514)	-	-	-	(4,215,239)	(5,487,753)
Total Other Financing Sources (Uses)	<u>2,768,223</u>	<u>-</u>	<u>32,776,000</u>	<u>32,250,595</u>	<u>7,952,523</u>	<u>75,747,341</u>
Net Change in Fund Balances	3,727,999	(4,521,103)	13,944,064	12,519,650	8,844,518	34,515,128
Fund Balances at beginning of year	<u>33,748,824</u>	<u>4,571,879</u>	<u>(9,359,577)</u>	<u>3,558,634</u>	<u>12,421,601</u>	<u>44,941,361</u>
Fund Balances at end of year	<u>\$ 37,476,823</u>	<u>\$ 50,776</u>	<u>\$ 4,584,487</u>	<u>\$ 16,078,284</u>	<u>\$ 21,266,119</u>	<u>\$ 79,456,489</u>

(1) Extracted from audited financial statements.

# TOWN OF PLYMOUTH, MASSACHUSETTS (1)

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

YEAR ENDED JUNE 30, 2016

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 147,503,800	\$ -	\$ -	\$ -	\$ -	\$ 147,503,800
Tax liens.....	1,285,543	-	-	-	-	1,285,543
Motor vehicle and other excise taxes.....	8,770,367	-	-	-	-	8,770,367
Community preservation tax.....	-	2,151,319	-	-	-	2,151,319
Penalties and interest on taxes.....	857,112	-	-	-	-	857,112
Payments in lieu of taxes.....	79,405	-	-	-	-	79,405
Intergovernmental - federal.....	580,209	-	-	-	8,411,964	8,992,173
Intergovernmental - state.....	46,508,430	593,048	-	14,475,892	3,743,283	65,320,653
Departmental and other.....	6,316,442	-	-	-	9,386,443	15,702,885
Contributions.....	-	125,000	-	-	688,066	813,066
Investment income/(loss).....	1,119,041	34,151	-	-	74,747	1,227,939
<b>TOTAL REVENUES.....</b>	<b>213,020,349</b>	<b>2,903,518</b>	<b>-</b>	<b>14,475,892</b>	<b>22,304,503</b>	<b>252,704,262</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	8,914,540	-	6,688,448	-	2,987,754	18,590,742
Public safety.....	22,202,419	-	-	-	708,880	22,911,299
Education.....	93,327,423	-	-	33,944,182	11,317,242	138,588,847
Public works.....	8,867,324	-	-	-	7,185,173	16,052,497
Human services.....	1,382,057	-	-	-	194,500	1,576,557
Culture and recreation.....	2,665,231	-	-	-	799,305	3,464,536
Community preservation.....	-	3,115,851	-	-	-	3,115,851
Pension benefits.....	24,441,061	-	-	-	-	24,441,061
Employee benefits.....	36,921,515	-	-	-	-	36,921,515
State and county charges.....	1,023,279	-	-	-	-	1,023,279
Debt service:						
Principal.....	8,403,934	-	-	-	-	8,403,934
Interest.....	5,080,781	-	-	-	-	5,080,781
<b>TOTAL EXPENDITURES.....</b>	<b>213,229,564</b>	<b>3,115,851</b>	<b>6,688,448</b>	<b>33,944,182</b>	<b>23,192,854</b>	<b>280,170,899</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(209,215)</b>	<b>(212,333)</b>	<b>(6,688,448)</b>	<b>(19,468,290)</b>	<b>(888,351)</b>	<b>(27,466,637)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	-	-	730,743	730,743
Premium from issuance of bonds and notes.....	224,688	-	-	-	-	224,688
Transfers in.....	3,096,796	-	-	1,448,511	125,000	4,670,307
Transfers out.....	(159,182)	-	-	-	(2,553,429)	(2,712,611)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,162,302</b>	<b>-</b>	<b>-</b>	<b>1,448,511</b>	<b>(1,697,686)</b>	<b>2,913,127</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,953,087</b>	<b>(212,333)</b>	<b>(6,688,448)</b>	<b>(18,019,779)</b>	<b>(2,586,037)</b>	<b>(24,553,510)</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....</b>	<b>30,795,737</b>	<b>4,784,212</b>	<b>(2,671,129)</b>	<b>21,578,413</b>	<b>15,007,638</b>	<b>69,494,871</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR.....</b>	<b>\$ 33,748,824</b>	<b>\$ 4,571,879</b>	<b>\$ (9,359,577)</b>	<b>\$ 3,558,634</b>	<b>\$ 12,421,601</b>	<b>\$ 44,941,361</b>

(1) Extracted from the Town's audited financial statements.

# TOWN OF PLYMOUTH, MASSACHUSETTS (1)

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

YEAR ENDED JUNE 30, 2015

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 136,322,030	\$ -	\$ -	\$ -	\$ -	\$ 136,322,030
Tax liens.....	986,022	-	-	-	-	986,022
Motor vehicle and other excise taxes.....	7,984,084	-	-	-	-	7,984,084
Community preservation tax.....	-	2,004,133	-	-	-	2,004,133
Penalties and interest on taxes.....	679,256	-	-	-	-	679,256
Payments in lieu of taxes.....	65,771	-	-	-	-	65,771
Intergovernmental - federal.....	719,298	-	-	-	6,839,769	7,559,067
Intergovernmental - state.....	41,388,116	594,787	-	4,594,540	4,006,237	50,583,680
Departmental and other.....	6,204,447	-	-	-	8,062,735	14,267,182
Contributions.....	-	-	-	-	850,258	850,258
Investment income/(loss).....	434,714	34,586	-	-	38,515	507,815
<b>TOTAL REVENUES.....</b>	<b>194,783,738</b>	<b>2,633,506</b>	<b>-</b>	<b>4,594,540</b>	<b>19,797,514</b>	<b>221,808,298</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	9,477,970	-	2,671,129	-	1,860,545	14,009,644
Public safety.....	21,364,152	-	-	-	1,202,389	22,566,541
Education.....	89,942,548	-	-	5,731,818	13,780,522	109,454,888
Public works.....	10,363,600	-	-	-	6,753,010	17,116,610
Human services.....	1,485,806	-	-	6,263	157,008	1,649,077
Culture and recreation.....	2,484,965	-	-	-	771,710	3,256,675
Community preservation.....	-	1,859,442	-	-	-	1,859,442
Pension benefits.....	18,950,220	-	-	-	-	18,950,220
Employee benefits.....	33,528,362	-	-	-	-	33,528,362
State and county charges.....	1,001,703	-	-	-	-	1,001,703
Debt service:						
Principal.....	6,646,830	-	-	-	-	6,646,830
Interest.....	3,940,288	-	-	-	-	3,940,288
<b>TOTAL EXPENDITURES.....</b>	<b>199,186,444</b>	<b>1,859,442</b>	<b>2,671,129</b>	<b>5,738,081</b>	<b>24,525,184</b>	<b>233,980,280</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(4,402,706)</b>	<b>774,064</b>	<b>(2,671,129)</b>	<b>(1,143,541)</b>	<b>(4,727,670)</b>	<b>(12,170,982)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from bonds.....	-	-	305,000	28,326,186	10,731,877	39,363,063
Premium from issuance of bonds and notes.....	763,621	-	-	-	1,448,511	2,212,132
Transfers in.....	3,082,546	-	-	-	100,000	3,182,546
Transfers out.....	(1,310,360)	-	-	-	(1,111,441)	(2,421,801)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,535,807</b>	<b>-</b>	<b>305,000</b>	<b>28,326,186</b>	<b>11,168,947</b>	<b>42,335,940</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,866,899)</b>	<b>774,064</b>	<b>(2,366,129)</b>	<b>27,182,645</b>	<b>6,441,277</b>	<b>30,164,958</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....</b>	<b>32,662,636</b>	<b>4,010,148</b>	<b>(305,000)</b>	<b>(5,604,232)</b>	<b>8,566,361</b>	<b>39,329,913</b>
<b>FUND BALANCES (DEFICITS) AT END OF YEAR.....</b>	<b>\$ 30,795,737</b>	<b>\$ 4,784,212</b>	<b>\$ (2,671,129)</b>	<b>\$ 21,578,413</b>	<b>\$ 15,007,638</b>	<b>\$ 69,494,871</b>

(1)Extracted from the Town's audited financial statements.

**TOWN OF PLYMOUTH, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2014 (1)**

	General	Community Preservation	School Capital Articles	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds	\$ 128,586,481	\$ -	\$ -	\$ -	\$ -	\$ 128,586,481
Tax Liens	1,517,490	-	-	-	-	1,517,490
Motor Vehicle and other excise taxes	7,855,342	-	-	-	-	7,855,342
Community preservation tax	-	1,898,826	-	-	-	1,898,826
Penalties and interest on taxes	708,936	-	-	-	-	708,936
Payments in lieu of taxes	60,193	-	-	-	-	60,193
Fines and forfeitures	-	-	-	-	4,100	4,100
Intergovernmental-federal	470,640	-	-	-	7,735,354	8,205,994
Intergovernmental-state	48,638,297	942,963	-	-	4,519,315	54,100,575
Departmental and other	7,995,278	-	-	-	7,452,003	15,447,281
Contributions	-	-	-	-	504,337	504,337
Investment Income/(loss)	299,454	(10,382)	-	-	38,821	327,893
Total Revenues	196,132,111	2,831,407	-	-	20,253,930	219,217,448
<b>EXPENDITURES:</b>						
Current:						
General government	8,975,745	-	-	-	1,043,847	10,019,592
Public safety	19,499,570	-	-	-	1,730,876	21,230,446
Education	85,652,340	-	3,795,036	4,899,956	11,009,703	105,357,035
Public works	7,915,924	-	-	-	4,879,768	12,795,692
Human services	1,481,237	-	-	54,287	169,229	1,704,753
Culture and recreation	2,395,382	-	-	-	728,379	3,123,761
Community preservation	-	1,444,699	-	-	-	1,444,699
Pension benefits	25,643,041	-	-	-	-	25,643,041
Employee benefits	31,347,072	-	-	-	-	31,347,072
State and county charges	991,611	-	-	-	-	991,611
Debt service:						
Principal	7,187,566	-	-	-	-	7,187,566
Interest	4,029,565	-	-	-	-	4,029,565
Total Expenditures	195,119,053	1,444,699	3,795,036	4,954,243	19,561,802	224,874,833
Excess (Deficiency) of Revenues Over Expenditures	1,013,058	1,386,708	(3,795,036)	(4,954,243)	692,128	(5,657,385)
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	3,232,136	-	9,309	-	12,832	3,254,277
Operating transfers out	(22,141)	-	-	-	(1,286,553)	(1,308,694)
Total Other Financing Sources (Uses)	3,209,995	-	9,309	-	(1,273,721)	1,945,583
Net Change in Fund Balances	4,223,053	1,386,708	(3,785,727)	(4,954,243)	(581,593)	(3,711,802)
Fund Balances at beginning of year	28,439,583	2,623,440	(17,153)	(649,989)	12,645,834	43,041,715
Fund Balances at end of year	\$ 32,662,636	\$ 4,010,148	\$ (3,802,880)	\$ (5,604,232)	\$ 12,064,241	\$ 39,329,913

(1) Extracted from audited financial statements.



**TOWN OF PLYMOUTH, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2013 (1)**

	General	Community Preservation	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds	\$ 123,010,207	\$ -	\$ -	\$ -	\$ 123,010,207
Tax Liens	827,057	-	-	-	827,057
Motor Vehicle and other excise taxes	6,848,414	-	-	-	6,848,414
Community preservation tax	-	1,802,456	-	-	1,802,456
Penalties and interest on taxes	715,245	-	-	-	715,245
Payments in lieu of taxes	69,883	-	-	-	69,883
Intergovernmental-federal	550,291	-	-	7,425,401	7,975,692
Intergovernmental-state	45,696,802	473,804	1,747,453	4,179,927	52,097,986
Departmental and other	5,313,592	-	-	6,607,201	11,920,793
Contributions	-	-	-	425,188	425,188
Investment Income	494,522	35,128	-	47,624	577,274
Total Revenues	<u>183,526,013</u>	<u>2,311,388</u>	<u>1,747,453</u>	<u>18,685,341</u>	<u>206,270,195</u>
<b>EXPENDITURES:</b>					
Current:					
General government	8,973,231	-	-	1,399,404	10,372,635
Public safety	18,618,701	-	-	885,098	19,503,799
Education	83,915,109	-	8,750,841	17,106,074	109,772,024
Public works	6,962,201	-	-	3,194,471	10,156,672
Human services	1,478,281	-	1,292,213	169,303	2,939,797
Culture and recreation	2,357,127	-	-	742,889	3,100,016
Community preservation	-	4,538,645	-	-	4,538,645
Pension benefits	23,728,175	-	-	-	23,728,175
Employee benefits	29,523,165	-	-	-	29,523,165
State and county charges	966,024	-	-	-	966,024
Debt service:					
Principal	6,333,287	-	-	-	6,333,287
Interest	3,615,032	-	-	-	3,615,032
Total Expenditures	<u>186,470,333</u>	<u>4,538,645</u>	<u>10,043,054</u>	<u>23,497,239</u>	<u>224,549,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,944,320)</u>	<u>(2,227,257)</u>	<u>(8,295,601)</u>	<u>(4,811,898)</u>	<u>(18,279,076)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from bonds and notes	-	-	11,125,000	12,549,000	23,674,000
Premium from issuance of bonds and notes	1,832,051	-	875,000	-	2,707,051
Sale of capital assets	-	-	-	100,000	100,000
Operating transfers in	3,125,838	-	-	71,009	3,196,847
Operating transfers out	(71,009)	-	(130,195)	(1,128,208)	(1,329,412)
Total Other Financing Sources (Uses)	<u>4,886,880</u>	<u>-</u>	<u>11,869,805</u>	<u>11,591,801</u>	<u>28,348,486</u>
Net Change in Fund Balances	1,942,560	(2,227,257)	3,574,204	6,779,903	10,069,410
Fund Balances at beginning of year	<u>26,497,023</u>	<u>4,850,697</u>	<u>(4,224,193)</u>	<u>5,848,778</u>	<u>32,972,305</u>
Fund Balances at end of year	<u>\$ 28,439,583</u>	<u>\$ 2,623,440</u>	<u>\$ (649,989)</u>	<u>\$ 12,628,681</u>	<u>\$ 43,041,715</u>

(1) Extracted from audited financial statements.

## Unassigned General Fund Balances and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the state Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The following table presents the trend in the Town's unassigned general fund balances and free cash:

Year	Unassigned General Fund Balance as of June 30 (1)	Certified Free Cash as of July 1
2017	\$ 25,831,264	\$ 5,145,208
2016	21,982,094	7,351,955
2015	18,773,948	4,184,129
2014	21,672,351	7,183,390
2013	19,865,173	5,583,455

(1) Source: Audited financial statements.

The Town's snow and ice deficit for fiscal 2015 was \$1,699,546. This amount was amortized for 3 years.

## Stabilization Fund

The Town maintains a stabilization fund that is accounted for in the Trust Funds. The Stabilization Fund plus accrued interest income may be appropriated at an annual or special town meeting for any municipal purpose. The table below sets forth the Stabilization Fund balances at year end for the last five fiscal years:

FY Ending June 30	Stabilization Fund Balance
2017	\$ 10,018,653
2016	9,673,476
2015	9,040,818
2014	8,830,522
2013	8,733,473

Source: Town Treasurer.

## Nuclear Plant Mitigation Fund

The Town created a Nuclear Plant Mitigation Fund to be used to reduce the impact on the tax levy during the decommissioning of the power plant. The balance in the fund as of June 30, 2017 was \$4,889,880 and the Town expects to add to the fund in each of the next several years.

## Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above).

The Town has not established any such districts.

## **Investment of Town Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and §55 do not apply to city and town retirement systems.

## INDEBTEDNESS

### Authorization of General Obligation Bonds and Notes

Serial bonds and notes are authorized by vote of two-thirds of the town meeting. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue serial bonds or notes. Revenue anticipation notes and temporary notes in anticipation of authorized federal and state aid generally may be issued by the Treasurer with the approval of the Selectmen.

**General Debt Limit.** The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, water bonds, bonds for electric, gas and telecommunications systems, solid waste disposal facility bonds and economy development bonds supported by tax increments financing, and subject to special debt limits, bonds for housing, urban renewal and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

**Revenue Anticipation Notes.** The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "PROPERTY TAXATION - Taxation to Meet Deficits," above). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

### Types of Obligations

**General Obligations.** Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

**Serial Bonds and Notes.** These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

**Tax Credit Bonds or Notes.** Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

**Bond Anticipation Notes.** These generally must mature within two years of their original dates of issuance, but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes (except for certain school projects) is measured from the date of the original issue of the notes.

**Revenue Anticipation Notes.** These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town has not borrowed in anticipation of revenue since fiscal 1992 and does not anticipate the need to do so in fiscal 2018.

**Grant Anticipation Notes.** These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

**Revenue Bonds.** Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

### **Direct Debt Summary (1)** **As of June 30, 2017**

**General Obligation Bonds:**

Within the General Debt Limit (2):

Sewer	\$ 1,478,500	
MCWT	10,877,610	
General	61,004,930	
Schools	20,106,245	
Airport	440,000	
Total:	<u>93,907,285</u>	<u>\$ 93,907,285</u>

Outside the Debt Limit:

Water (2)	\$ 11,251,375	
Schools	60,625,000	
General	26,741,619	
MCWT	2,254,709	
Sewers	4,750,000	
Total:	<u>105,622,703</u>	<u>105,622,703</u>

Total General Obligation Bonds: \$ 199,529,988

**Temporary Loans:**

Bond Anticipation Notes Outstanding (3)	6,300,000	
This Issue New Money Bond Anticipation Notes Series B (4)	17,494,000	
To be Retired with Revenue Funds	<u>(582,477)</u>	
Total Temporary Loans Outstanding (5)		23,211,523

**Total Direct Debt:** \$ 222,741,511

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
- (2) Based on the Town's equalized valuation of \$9,660,314,400 effective January 1, 2016, its Normal General Debt Limit is \$483,015,720 and its Double General Debt Limit is \$966,031,440. (See "Debt Limits," above.)
- (3) Payable June 15, 2018.
- (4) Payable June 14, 2019.
- (5) Payable June 14, 2019 comprised of \$642,523 Series A and \$22,669,000 Series B.

## Key Debt Ratios

	As of June 30				
	2017	2016	2015	2014	2013
Amount (1)	\$ 199,529,988	\$ 133,168,681	\$ 144,002,823	\$ 109,967,295	\$ 120,288,681
Per Capita Debt (2)	\$ 3,534	\$ 2,358	\$ 2,550	\$ 1,947	\$ 2,130
Percent of Assessed Valuation (3)	2.11%	1.46%	1.62%	1.28%	1.40%
Percent of Equalized Valuation (4)	2.07%	1.49%	1.61%	1.18%	1.29%
Debt Per Capita as a Percent of Per Capita Income (2)	10.65%	7.11%	7.69%	5.87%	6.42%

(1) Excludes temporary loans, lease-purchase obligations, overlapping debt, unfunded pension liability and other unfunded post-employment benefits liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - Latest applicable actuals or estimates.

(3) Source: Board of Assessors - Assessed valuation as of the prior January 1.

(4) Source: Massachusetts Department of Revenue. (Equalized valuation in effect for that fiscal year.)

## Annual Debt Service Requirements as of June 30, 2017 (1)

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the Town of Plymouth as of June 30, 2017.

Fiscal Year	Outstanding (2)		Less	Less	Net	Cumulative
	Principal	Interest	State School Construction Aid	MCWT Subsidy	Debt Service	Principal Retired
2018	\$ 13,738,127	\$ 8,336,416	\$ (1,636,805)	\$ (1,045,453)	\$ 19,392,286	6.9 %
2019	13,535,295	7,718,240	(1,636,804)	(982,602)	18,634,128	13.7
2020	13,575,269	7,060,871	(1,636,804)	(908,220)	18,091,116	20.5
2021	12,423,945	6,511,480	(657,278)	(933,980)	17,344,167	26.7
2022	9,872,756	6,012,289	-	(212,838)	15,672,207	31.6
2023	9,811,852	5,558,593	-	(198,261)	15,172,184	36.6
2024	8,913,198	5,123,640	-	(1,976)	14,034,862	41.0
2025	8,908,976	4,728,114	-	(125)	13,636,965	45.5
2026	8,814,282	4,331,507	-	-	13,145,789	49.9
2027	8,639,595	3,938,318	-	-	12,577,914	54.2
2028	8,289,915	3,553,324	-	-	11,843,239	58.4
2029	6,996,910	3,211,423	-	-	10,208,333	61.9
2030	6,717,244	2,915,075	-	-	9,632,320	65.3
2031	6,777,586	2,609,511	-	-	9,387,098	68.7
2032	6,677,935	2,355,784	-	-	9,033,719	72.0
2033	6,348,291	2,119,319	-	-	8,467,610	75.2
2034	6,373,655	1,883,321	-	-	8,256,976	78.4
2035	6,109,027	1,641,654	-	-	7,750,681	81.5
2036	5,717,870	1,418,416	-	-	7,136,286	84.3
2037	4,248,259	1,195,821	-	-	5,444,080	86.4
2038	3,855,000	1,045,075	-	-	4,900,075	88.4
2039	3,465,000	893,100	-	-	4,358,100	90.1
2040	3,520,000	758,738	-	-	4,278,738	91.9
2041	2,440,000	622,175	-	-	3,062,175	93.1
2042	2,495,000	524,575	-	-	3,019,575	94.4
2043	2,555,000	424,775	-	-	2,979,775	95.6
2044	2,610,000	335,350	-	-	2,945,350	96.9
2045	2,660,000	244,000	-	-	2,904,000	98.3
2046	2,445,000	137,600	-	-	2,582,600	99.5
2047	995,000	39,800	-	-	1,034,800	100.0
Total	<u>\$ 199,529,988</u>	<u>\$ 87,248,305</u>	<u>\$ (5,567,691)</u>	<u>\$ (4,283,456)</u>	<u>\$ 276,927,147</u>	

(1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other unfunded post-employment benefits liability.

(2) Principal totaling \$95,569,709 and interest totaling \$47,561,415 has been excluded from the provisions of Proposition 2 ½.

## Authorized Unissued Debt and Prospective Financing

The Town currently has approximately \$118,165,325 authorized unissued debt as follows:

Purpose	Amount
Beach Restoration	\$ 2,696,000
Schools Construction (1)	37,815,037
Well	100,000
Design Sewer Extension (Samoset)	170,000
Warren Ave Sewer Extension	90,000
Septic Systems	300,000
Court House	3,500,000
Sewer	841,565
School Street Retaining Wall	1,190,000
Water Meter Replacement	400,000
Building Acquisition	10,000
Field Land Development	1,800,000
Simes House Preservation	1,142,523
Town Wharf Project	100,000
Newfield Street Bridge	3,400,000
Water Street Pump Station	6,000,000
Title V Septic Upgrades	200,000
Parking Deck	2,995,200
Seawall Rehabilitation	1,100,000
Revetment Rehabilitation	815,000
Sewer Line Repairs	48,200,000
Water Mains	2,200,000
South High School Construction	3,100,000
Total	<u>\$ 118,165,325</u>

- (1) In 2006, the Town authorized borrowing of \$199,000,000 for the design and construction of a new Plymouth North High School, a new Plymouth South High School and a senior center. Subsequent to the town meeting vote, the Town voted to exclude the debt service on the projects from the limitations of Proposition 2 ½. The Town is receiving grants from the Massachusetts School Building Authority (MSBA) in connection with the High School projects. The Plymouth North High School is complete and the Town has received a grant from the Massachusetts School Building Authority totaling \$37,773,709 for the project. The Plymouth South High School construction project is underway and \$26 million was issued as bonds in 2015. The Town expects to receive a grant of approximately \$46,867,514 from the MSBA for the South High School. The Town expects to permanently finance an additional \$35.5 million for the South High School project.

## Overlapping Debt (1)

The following is the only principal entity whose indebtedness is chargeable to the Town of Plymouth or payable from taxation of property within the Town.

	Outstanding Debt as of 6/30/2017	Authorized But Unissued	Plymouth's Estimated Share	Fiscal 2018 Assessment
Plymouth County (2)	\$ 1,925,000	N/A	13.29%	\$ 202,173

(1) Dollar assessment based upon net operating expenses, inclusive of debt service where applicable.

(2) Source: Massachusetts Department of Revenue. County expenses, including operating costs and debt service on County bonds, if applicable, are assessed upon cities and towns within the county in proportion to their valuation of taxable property as last equalized by the State Commissioner of Revenue. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all remaining counties.

## Contracts

Municipal contracts are generally limited to currently available appropriations. A city or town generally has the authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town of Plymouth is a participant in the following significant long-term contracts:

On August 11, 1989, the Town entered into an 18 year agreement with the SEMASS Partnership\* for solid waste disposal. Total charges are calculated based on a formula of tipping and transport fees. The Town entered into new 5-year contract with SEMASS effective January 1, 2015 through December 31, 2020, with an automatic renewal clause for up to 5 years. The tipping fee is \$65 per ton for the first year, with a 2.5% annual escalator on the per ton fee. The fiscal year 2017 cost of this contract was \$1,086,931 and the fiscal year 2018 budgeted cost is \$1,188,000.

On October 16, 2013 the Town entered into an 8 year agreement (with 2 extension options) with ABC Disposal Service, Inc., effective January 1, 2014, for curbside service of trash disposal and recycling. The fiscal year 2017 cost of this contract was \$446,748 and the fiscal year 2018 budgeted cost is \$500,400.

In addition, the Town and school department have entered into 5 net metering credit purchase agreements with various vendors.

\* Private contractors must now contract directly with the SEMASS Partnership.



## **RETIREMENT SYSTEMS**

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

### **Town of Plymouth Retirement System**

Retirement benefits for employees other than School Department teaching staff are provided through the Town of Plymouth Contributory Retirement System (the "System"). The System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Town contributions are funded on an actuarial basis as directed by the Commonwealth's Public Employees Retirement Administration (PERAC).

The following table sets forth the trend of the annual contributions of the Town to the System:

<u>Year Ending June 30</u>	<u>Contributory</u>
2018 (Budgeted)	\$ 12,282,001
2017	11,396,079
2016	10,575,493
2015	9,767,679
2014	9,086,570
2013	8,549,198

Source: Finance Director.

As of January 1, 2017, the unfunded actuarial accrued liability of the Plymouth Contributory Retirement System was as follows:

Actuarial Accrued Liability	\$316,067,214
Less Actuarial Value of Assets	<u>158,477,637</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$157,589,577

The Town's current funding schedule assumes a 7.25% rate of return and fully amortizes the unfunded actuarial accrued liability by 2035 as shown below.

#### **Plymouth Contributory Retirement System Funding Schedule**

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase in Total Cost</u>
2018	4,463,790	60,000	7,446,292	5,897	560,928	12,536,906	163,302,199	
2019	4,664,660	60,000	8,248,123	6,148	560,928	13,539,858	166,547,542	8.0%
2020	4,874,570	60,000	9,121,141	6,409	560,928	14,623,047	169,167,938	8.0%
2021	5,093,926	60,000	10,632,284	6,681		15,792,891	171,041,722	8.0%
2022	5,323,152	60,000	11,666,205	6,965		17,056,322	172,031,957	8.0%
2023	5,562,694	60,000	12,790,873	7,261		18,420,828	171,984,799	8.0%
2024	5,813,016	60,000	14,013,909	7,570		19,894,494	170,727,699	8.0%
2025	6,074,601	60,000	15,343,561	7,891		21,486,054	168,067,421	8.0%
2026	6,347,958	60,000	16,788,753	8,227		23,204,938	163,787,877	8.0%
2027	6,633,616	60,000	18,359,140	8,576		25,061,333	157,647,737	8.0%
2028	6,932,129	60,000	20,065,170	8,941		27,066,240	149,377,822	8.0%
2029	7,244,075	60,000	21,927,464			29,231,539	138,678,230	8.0%
2030	7,570,058	60,000	23,940,004			31,570,062	125,215,197	8.0%
2031	7,910,711	60,000	26,124,956			34,095,667	108,617,645	8.0%
2032	8,266,693	60,000	28,496,627			36,823,320	88,473,409	8.0%
2033	8,638,694	60,000	31,070,492			39,769,186	64,325,098	8.0%
2034	9,027,435	60,000	33,863,285			42,950,721	35,665,565	8.0%
2035	9,433,670	60,000	1,932,945			11,426,615	1,932,945	-73.4%
2036	9,858,185	60,000				9,918,185	0	-13.2%

Figures may not add due to rounding.

All amounts assume payments will be made July 1 of each fiscal year.

Total appropriation assumed to increase 8.0% each year until FY34 with a final amortization payment in FY35.

FY18 normal cost includes assumed expenses of \$900,000 and is assumed to increase 4.5% per year.

FY18 appropriation was maintained at the same level as the prior schedule.

Source: Plymouth Contributory Retirement System Actuarial Valuation Report, PERAC.

For additional information regarding the Town's retirement system, please refer to Appendix A.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2017	\$ 17,363,363
2016	15,366,000
2015	15,542,476
2014	14,791,929
2013	14,564,482

The Governmental Accounting Standards Board ("GASB") promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payments of these costs as the liability for such costs accrued, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Although cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, Massachusetts General Laws do not currently provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding this liability in the same manner as traditional pension benefits.

The Town hired KMS Actuaries of Manchester, New Hampshire to perform an actuarial valuation of its non-pension, post-employment benefit liability. The total unfunded actuarial accrued liability as of July 1, 2016 was \$525,618,162 (assuming a 3.58% discount rate). The Annual Required Contribution ('ARC') was \$39,477,033. The Town has established an OPEB Trust Fund to which it is currently making contributions. The balance in the OPEB Trust fund as of June 30, 2017 was \$2,634,411. The Town anticipates that when the Retirement System is fully funded in 2034 that considerable resources will become available to dedicate to the unfunded OPEB liability.

## EMPLOYEE RELATIONS

Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 1,897 employees, including those in the School Department, approximately 94 percent of whom belong to unions or other collective bargaining groups as show below:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires</u>
Town Employees:			
Administrative	OPEIU, Local 6	92	6/30/2018
Police Officers	Plymouth Police Brotherhood	97	6/30/2018
Police Superior Officers Association	Local 372	19	6/30/2018
Police Dispatchers	COBRA	8	6/30/2018
Crossing Guards/Meter Enforcement	COBRA	4	6/30/2018
Public Works	COBRA	89	6/30/2018
Library Workers	COBRA	38	6/30/2018
Firefighters	AFL-CIO, Local 1768	120	6/30/2018
Clerical	SEIU, Local 888	40	6/30/2018
School Employees:			
Teachers	MTA/EAPC	776	6/30/2018
Administrators	MTA/School Administrators	26	6/30/2018
Secretaries	MTA/EAPC	45	6/30/2018
Head Custodians	COBRA	10	6/30/2018
Custodians	COBRA	65	6/30/2018
Tradesmen	COBRA	6	6/30/2018
Food Service - Educational	COBRA	58	6/30/2018
Support Personnel	MTA/EAPC	283	6/30/2018
Total		<u>1,776</u>	

## **LITIGATION**

There are various cases pending in courts throughout the Commonwealth where the Town of Plymouth is a defendant. In the opinion of Town Counsel, no litigation is pending, or to his knowledge threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position.

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TOWN OF PLYMOUTH, MASSACHUSETTS  
/s/ Pamela L. Borgatti, Treasurer

May 22, 2018

***TOWN OF PLYMOUTH, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

***YEAR ENDED JUNE 30, 2017***

# TOWN OF PLYMOUTH, MASSACHUSETTS

## REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Plymouth, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of and for the year ended June 30, 2017 (except for the Plymouth Contributory Retirement System which is as of and for the year ended December 31, 2016), which collectively comprise the Town's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Plymouth Growth & Development Corporation, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plymouth Growth & Development Corporation, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of June 30, 2017 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2016), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, on our consideration of the Town of Plymouth, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Plymouth, Massachusetts' internal control over financial reporting and compliance.

*Powers + Sullivan, LLC*

March 27, 2018



# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the Town of Plymouth, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017.

### ***Overview of the Financial Statements***

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

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

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

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

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

The government-wide financial statements include not only the Town of Plymouth itself (known as the *primary government*), but also a legally separate public employee retirement system, for which the Town of Plymouth is financially accountable, and the Plymouth Growth & Development Corporation, which are component units of the Town. Financial information for the retirement system is blended within the fiduciary fund statements while the Plymouth Growth & Development Corporation financial information is discretely presented.

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

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

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

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

**Proprietary funds.** The Town maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The Town uses enterprise funds to account for its water, sewer, airport and solid waste activities.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities and employee benefit programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**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.

The fiduciary fund financial statements provide separate information for the pension and other employee benefit trust funds and the private purpose trust funds of the Town. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption agency funds.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the progress in funding its obligation to provide pension benefits to its employees.

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

## **Government-wide Financial Analysis**

### **Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental assets and deferred outflows exceeded liabilities and deferred inflows by \$44.8 million at the close of 2017.

Governmental net position of \$274.7 million reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$10.1 million, represents resources that are subject to external restrictions on how they may be used. The Town has \$89.3 million of *unrestricted net position* without considering the recorded liabilities related to the net pension liability and postemployment healthcare obligation. The liabilities of \$151.6 million and \$177.7 million, respectively, are long-term in nature, and will not be funded from the \$89.3 million of unrestricted net position at June 30, 2017.

The governmental activities net position increased by \$1.5 million in 2017. Contributing to the current year increase is the recognition of \$30.7 million of capital grants, an increase of \$5.3 million of pension related deferred outflows/inflows, the recognition of \$1.4 million of unbudgeted tax liens, and capital assets paid for with current year revenues. These increases were offset by the fact that there was a \$22.4 million increase in the liability for other postemployment benefits and an increase of \$14.1 million in the net pension liability.

Capital grant revenues increased by approximately \$15.3 million due to MSBA payments received in the current year related to the high school project.

Condensed financial data for 2017 and 2016 is presented below:

	<b>2017</b>	<b>2016</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
<b>Assets:</b>		
Current assets.....	\$ 109,826,604	\$ 123,243,930
Noncurrent assets (excluding capital).....	3,957,140	5,505,735
Capital assets.....	439,046,606	372,673,863
<b>Total assets.....</b>	<b>552,830,350</b>	<b>501,423,528</b>
<b>Total deferred outflows of resources.....</b>	<b>25,235,354</b>	<b>19,889,014</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	15,000,488	21,994,497
Noncurrent liabilities (excluding debt).....	331,583,134	295,009,163
Current debt.....	15,071,176	52,077,312
Noncurrent debt.....	171,430,039	108,230,237
<b>Total liabilities.....</b>	<b>533,084,837</b>	<b>477,311,209</b>
<b>Total deferred inflows of resources.....</b>	<b>211,094</b>	<b>754,183</b>
<b>Net Position:</b>		
Net investment in capital assets.....	274,699,806	251,847,128
Restricted.....	10,093,695	6,996,110
Unrestricted.....	(240,023,728)	(215,596,088)
<b>Total net position.....</b>	<b>\$ 44,769,773</b>	<b>\$ 43,247,150</b>

	<b>2017</b>	<b>2016</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
<b>Program revenues:</b>		
Charges for services.....	\$ 14,257,076	\$ 15,256,049
Operating grants and contributions.....	57,885,686	51,013,146
Capital grants and contributions.....	30,670,325	15,391,211
<b>General revenues:</b>		
Real estate and personal property taxes.....	155,866,168	146,960,164
Tax liens.....	1,293,146	1,279,801
Motor vehicle and other excise taxes.....	9,033,094	8,660,168
Community preservation tax.....	2,276,962	2,151,319
Penalties and interest on taxes.....	909,458	857,112
Payments in lieu of taxes.....	74,724	79,405
Grants and contributions not restricted to specific programs.....	7,528,785	6,590,389
Unrestricted investment income.....	984,782	1,213,472
Gain/(loss) on sale of assets.....	20,000	-
Other.....	19,225	35,872
<b>Total revenues.....</b>	<b>280,819,431</b>	<b>249,488,108</b>
<b>Expenses:</b>		
General government.....	(16,129,593)	(15,782,795)
Public safety.....	(51,029,850)	(45,829,164)
Education.....	(178,630,461)	(166,175,100)
Public works.....	(21,835,111)	(15,949,330)
Human services.....	(2,524,166)	(2,384,799)
Culture and recreation.....	(5,854,071)	(5,335,566)
Community preservation.....	(154,183)	(125,200)
Interest.....	(5,155,559)	(4,057,307)
<b>Total expenses.....</b>	<b>(281,312,994)</b>	<b>(255,639,261)</b>
<b>Transfers.....</b>	<b>2,016,186</b>	<b>1,957,696</b>
<b>Change in net position.....</b>	<b>1,522,623</b>	<b>(4,193,457)</b>
<b>Net position - beginning of year.....</b>	<b>43,247,150</b>	<b>47,440,607</b>
<b>Net position - end of year.....</b>	<b>\$ 44,769,773</b>	<b>\$ 43,247,150</b>

### Business-type Activities

Business-type assets and deferred outflows exceeded liabilities and deferred inflows by \$79.5 million at June 30, 2017. Net investment in capital assets was \$79.1 million. The remaining balance of *unrestricted* net position is \$314 thousand.

There was an increase of \$6.4 million in net position reported in connection with the water, sewer, airport, and solid waste business-type activities. Condensed financial data for 2017 and 2016 is presented below:

	<b>2017</b>		<b>2016</b>
	<b>Business-type</b>		<b>Business-type</b>
	<b>Activities</b>		<b>Activities</b>
<b>Assets:</b>			
Current assets.....	\$ 21,718,126	\$	2,175,928
Noncurrent assets (excluding capital).....	2,561,031		3,201,136
Capital assets.....	138,883,173		115,474,583
<b>Total assets.....</b>	<b>163,162,330</b>		<b>120,851,647</b>
<b>Total deferred outflows of resources.....</b>	<b>1,029,731</b>		<b>829,874</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt).....	6,382,411		9,687,549
Noncurrent liabilities (excluding debt).....	10,565,403		9,592,470
Current debt.....	41,368,549		9,254,093
Noncurrent debt.....	26,412,148		20,032,985
<b>Total liabilities.....</b>	<b>84,728,511</b>		<b>48,567,097</b>
<b>Total deferred inflows of resources.....</b>	<b>8,906</b>		<b>31,817</b>
<b>Net Position:</b>			
Net investment in capital assets.....	79,140,664		81,692,978
Unrestricted.....	313,980		(8,610,371)
<b>Total net position.....</b>	<b>\$ 79,454,644</b>	<b>\$</b>	<b>73,082,607</b>
<b>Program revenues:</b>			
Charges for services.....	\$ 20,305,502	\$	14,978,392
Operating grants and contributions.....	461,908		557,624
Capital grants and contributions.....	2,672,635		5,523,850
<b>General revenues:</b>			
Unrestricted investment income.....	78,529		43,473
<b>Total revenues.....</b>	<b>23,518,574</b>		<b>21,103,339</b>
<b>Expenses:</b>			
Water.....	(4,881,830)		(4,526,253)
Sewer.....	(4,722,376)		(4,592,214)
Airport.....	(3,239,524)		(2,520,596)
Solid waste.....	(2,286,621)		(2,335,270)
<b>Total expenses.....</b>	<b>(15,130,351)</b>		<b>(13,974,333)</b>
<b>Transfers.....</b>	<b>(2,016,186)</b>		<b>(1,957,696)</b>
<b>Change in net position.....</b>	<b>6,372,037</b>		<b>5,171,310</b>
<b>Net position - beginning of year.....</b>	<b>73,082,607</b>		<b>67,911,297</b>
<b>Net position - end of year.....</b>	<b>\$ 79,454,644</b>	<b>\$</b>	<b>73,082,607</b>

The water enterprise net position decreased by \$197 thousand during the year. The change is mostly attributable to an increase of \$296 thousand in the net pension liability accrual offset by an increase in net deferred outflows/inflows related to pensions of \$111 thousand.

The sewer enterprise net position increased by \$5.1 during the year. The change is attributable to the fund's ability to set rates to cover costs of operations, an increase of \$635 thousand in the accrual for unbilled receivables, as well as betterment assessments of \$3.7 million.

The airport enterprise net position increased by \$1.4 million during the year. The change is attributable to the receipt of capital grants of \$2.7 million related to the runway project offset by depreciation on capital assets of \$648,000, an increase in the accrual for other postemployment benefits of \$95 thousand, and an increase in the accrual related to the net pension liability of \$137 thousand.

The solid waste enterprise net position increased by \$67,000 during the year. The change is attributable to revenues being able to cover general and indirect expenses.

### ***Financial Analysis of the Government's Funds***

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$79.5 million an increase of \$34.5 million in comparison with the prior year. This increase is primarily attributable to The issuance of long-term bonds in the amount of \$68.7 million, the receipt of \$27.9 million of capital grants from the MSBA related to the high school project, and the receipt of \$5.0 million of bond premiums, offset by \$66.6 million of capital expenditures.

The *general fund* is the chief operating fund. At the end of the year, unassigned fund balance of the general fund totaled \$25.8 million which is comprised of three components: a general fund balance of \$10.9 million and a stabilization fund balance of \$14.9 million (this includes both the general stabilization fund balance of \$10.0 million and the Nuclear Plant Mitigation stabilization fund balance of \$4.9 million). Assigned fund balance, which represents amounts designated for the 2018 budget as well as amounts that have been reserved for the use of liquidating prior period purchase orders and contracts totaled \$8.4 million. Committed fund balance, which represents the Town's various capital articles, totaled \$1.4 million. Fund balance of \$1.9 million represents bond premiums that are restricted for future debt service. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At year-end, unassigned fund balance equaled 11.3% of total general fund expenditures, while total fund balance equaled 16.5% of the same amount.

The current year general fund net change in fund balance was an increase of \$3.7 million. This is mainly due to the positive budgetary results, a decrease in the accrual for Appellate Tax Board cases due to the telecom cases being settled, and an increase in the accrual for 60 day receipts of \$853 thousand.

The stabilization funds are classified as part of the general fund unassigned fund balance in the governmental funds financial statements. Please refer to note 10 for additional information.

The *community preservation fund* is used to account for funds received in accordance with the Massachusetts Community Preservation Act (the “CPA”). At the end of the year, the fund had an accumulated fund balance of \$50.8 thousand; this is a decrease of \$4.5 million from the prior year. This is mainly due to the timing of the expenditures of CPA funds on the various ongoing projects.

The *Town building/land capital articles fund* is used to account for all financial resources for Town building and land related capital projects. At the end of the current year, the fund had an accumulated fund balance of \$4.6 million; an increase of \$13.9 million. This is due to the timing of the expenditures on various projects related to the long-term financing of the projects.

The *excluded debt projects fund* is used to account for all financial resources appropriated to fund projects that are funded using debt exclusions. At the end of the current year, the fund had an accumulated fund balance of \$16.1 million; an increase of \$12.5 million. The increase is due to revenues and other financing sources exceeding expenditures by \$10.3 million as well as, a transfer in of excluded debt bond premiums voted to be used to fund the related capital project of \$2.3 million.

The *internal service proprietary fund* provides for health insurance coverage for the Town’s employees. Results of operations reports an increase in net position of \$221 thousand in 2017 and an accumulated net position of \$4.8 million. The increase is due to an operating surplus of \$168 thousand and investment income of \$53.3 thousand.

### ***Pension and Other Employee Benefits Financial Highlights***

The Plymouth Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. At the end of the year, the System had accumulated net position of \$155.0 million. This represents an increase of \$9.5 million from the previous year. The increase was the result of favorable market conditions that resulted in a net change in fair value of investments of \$10.6 million offset by an increase in retirement benefits.

The Other Postemployment Benefit Trust fund (the Trust) was established during 2012 to account for assets relating to the pre-funding of the Town’s Other Postemployment Benefit liability. During 2017, the fund reported \$712 thousand of employer contributions and earned \$187 thousand in investment income resulting in accumulated net position of \$2.6 million at the end of the year.

### ***General Fund Budgetary Highlights***

The \$2.5 million increase between the original budget and the final amended budget was mainly due to appropriation increases in public safety, public works, employee benefits, and transfers out.

### ***Capital Asset and Debt Administration***

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

Outstanding governmental long-term debt, as of June 30, 2017, totaled \$170.6 million, of which approximately \$93.7 million relates to various school construction projects, \$42.1 million relates to buildings, \$1.6 million relates to departmental equipment, leaving a balance of approximately \$33.2 million for various municipal projects.



The enterprise funds have \$17.1 million in sewer debt, \$11.4 million in water debt, and airport debt of \$440,000 all of which is fully supported by the rates.

The Town's major capital projects relate to school construction and renovation projects, equipment purchases, water main projects, and sewer main projects related to the emergency repairs that started in December of 2015. These projects will continue through 2018.

Please refer to the notes for further discussion of the major capital and debt activity.

### ***Emergency Sewer Repairs***

In December of 2015, the Town of Plymouth experienced multiple sewer main breaks that led to the need to apply to the Massachusetts Department of Revenue for emergency spending authority to repair the breaks. With this approval, the Town spent in a deficit until permanent funding was approved by the Massachusetts Clean Water Trust (MCWT) in the amount of \$48,200,000 in August of 2016. Through June 30, 2017, the Town has spent \$37.5 million related to this project. The project has an estimated completion date of 2018.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Plymouth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Municipal Finance, Town Hall, 11 Lincoln Street, Plymouth, Massachusetts 02360.

# ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Plymouth Growth & Development
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 73,059,857	\$ 13,120,846	\$ 86,180,703	\$ 2,507,141
Investments.....	18,027,717	-	18,027,717	-
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	2,397,489	-	2,397,489	-
Tax liens.....	329,045	-	329,045	-
Motor vehicle excise taxes.....	837,210	-	837,210	-
User fees.....	-	4,462,079	4,462,079	-
Departmental and other.....	27,988	80,994	108,982	-
Special assessments.....	733,366	3,412,615	4,145,981	-
Intergovernmental.....	12,575,872	641,592	13,217,464	-
Parking tickets.....	-	-	-	85,955
Internal balances.....	-	-	-	-
Tax foreclosures.....	1,641,560	-	1,641,560	-
Working capital deposit.....	196,500	-	196,500	-
Prepaid expenses.....	-	-	-	28,134
<b>NONCURRENT:</b>				
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	3,957,140	2,561,031	6,518,171	-
Capital assets, net of accumulated depreciation:				
Nondepreciable.....	237,030,590	77,698,296	314,728,886	704,266
Depreciable.....	202,016,016	61,184,877	263,200,893	163,704
<b>TOTAL ASSETS.....</b>	<b>552,830,350</b>	<b>163,162,330</b>	<b>715,992,680</b>	<b>3,489,200</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding.....	828,085	-	828,085	-
Deferred outflows of resources related to pensions.....	24,407,269	1,029,731	25,437,000	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>25,235,354</b>	<b>1,029,731</b>	<b>26,265,085</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	8,982,493	5,147,116	14,129,609	102,598
Accrued payroll.....	804,688	41,742	846,430	11,905
Health claims payable.....	2,572,000	-	2,572,000	-
Tax refunds payable.....	90,000	-	90,000	-
Accrued interest.....	1,168,292	192,904	1,361,196	-
Payroll withholdings.....	9,946	-	9,946	-
Abandoned property.....	129,576	-	129,576	-
Other liabilities.....	1,008,293	987,749	1,996,042	-
Landfill closure.....	50,000	-	50,000	-
Compensated absences.....	185,200	12,900	198,100	8,983
Notes payable.....	3,860,000	37,416,137	41,276,137	-
Bonds payable.....	11,211,176	3,952,412	15,163,588	-
<b>NONCURRENT:</b>				
Landfill closure.....	550,000	-	550,000	-
Compensated absences.....	1,666,800	116,100	1,782,900	-
Other postemployment benefits.....	177,725,006	4,051,631	181,776,637	-
Bonds payable.....	171,430,039	26,412,148	197,842,187	-
Net pension liability.....	151,641,328	6,397,672	158,039,000	-
<b>TOTAL LIABILITIES.....</b>	<b>533,084,837</b>	<b>84,728,511</b>	<b>617,813,348</b>	<b>123,486</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions.....	211,094	8,906	220,000	-
<b>NET POSITION</b>				
Net investment in capital assets.....	274,699,806	79,140,664	353,840,470	867,970
Restricted for:				
Permanent funds:				
Expendable.....	678,608	-	678,608	-
Nonexpendable.....	1,476,394	-	1,476,394	-
Grants and gifts.....	7,938,693	-	7,938,693	-
Unrestricted.....	(240,023,728)	313,980	(239,709,748)	2,497,744
<b>TOTAL NET POSITION.....</b>	<b>\$ 44,769,773</b>	<b>\$ 79,454,644</b>	<b>\$ 124,224,417</b>	<b>\$ 3,365,714</b>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 16,129,593	\$ 5,108,560	\$ 1,659,033	\$ 204,369	\$ (9,157,631)
Public safety.....	51,029,850	3,069,488	312,449	-	(47,647,913)
Education.....	178,630,461	2,815,242	51,998,669	27,864,027	(95,952,523)
Public works.....	21,835,111	1,545,822	3,195,620	2,219,867	(14,873,802)
Human services.....	2,524,166	651,924	217,847	-	(1,654,395)
Culture and recreation.....	5,854,071	1,066,040	300,211	-	(4,487,820)
Community preservation.....	154,183	-	-	382,062	227,879
Interest.....	5,155,559	-	201,857	-	(4,953,702)
Total Governmental Activities.....	281,312,994	14,257,076	57,885,686	30,670,325	(178,499,907)
<i>Business-Type Activities:</i>					
Water.....	4,881,830	5,861,268	25,953	-	1,005,391
Sewer.....	4,722,376	9,648,168	435,955	-	5,361,747
Airport.....	3,239,524	2,158,691	-	2,672,635	1,591,802
Solid waste.....	2,286,621	2,637,375	-	-	350,754
Total Business-Type Activities.....	15,130,351	20,305,502	461,908	2,672,635	8,309,694
Total Primary Government.....	\$ 296,443,345	\$ 34,562,578	\$ 58,347,594	\$ 33,342,960	\$ (170,190,213)
<b>Component Unit:</b>					
Plymouth Growth & Development.....	\$ 860,575	\$ 1,538,980	\$ -	\$ -	\$ 678,405

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES (Continued)**

YEAR ENDED JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Plymouth Growth & Development
<b>Changes in net position:</b>				
Net (expense) revenue from previous page.....	\$ <u>(178,499,907)</u>	\$ <u>8,309,694</u>	\$ <u>(170,190,213)</u>	\$ <u>678,405</u>
<i>General revenues:</i>				
Real estate and personal property taxes, net of tax refunds payable.....	155,866,168	-	155,866,168	-
Tax liens.....	1,293,146	-	1,293,146	-
Motor vehicle and other excise taxes.....	9,033,094	-	9,033,094	-
Community preservation tax.....	2,276,962	-	2,276,962	-
Penalties and interest on taxes.....	909,458	-	909,458	-
Payments in lieu of taxes.....	74,724	-	74,724	-
Grants and contributions not restricted to specific programs.....	7,528,785	-	7,528,785	-
Unrestricted investment income.....	984,782	78,529	1,063,311	366
Gain on sale of assets.....	20,000	-	20,000	-
Miscellaneous.....	19,225	-	19,225	-
<i>Transfers, net</i> .....	<u>2,016,186</u>	<u>(2,016,186)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers.....	<u>180,022,530</u>	<u>(1,937,657)</u>	<u>178,084,873</u>	<u>366</u>
Change in net position.....	1,522,623	6,372,037	7,894,660	678,771
<i>Net Position:</i>				
Beginning of year.....	<u>43,247,150</u>	<u>73,082,607</u>	<u>116,329,757</u>	<u>2,686,943</u>
End of year.....	\$ <u><u>44,769,773</u></u>	\$ <u><u>79,454,644</u></u>	\$ <u><u>124,224,417</u></u>	\$ <u><u>3,365,714</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2017

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 25,159,530	\$ 4,390,118	\$ 7,041,858	\$ 7,344,488	\$ 20,716,872	\$ 64,652,866
Investments.....	15,520,808	-	-	-	2,506,909	18,027,717
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	2,397,489	-	-	-	-	2,397,489
Tax liens.....	324,639	4,406	-	-	-	329,045
Motor vehicle excise taxes.....	837,210	-	-	-	-	837,210
Departmental and other.....	1,324	26,664	-	-	-	27,988
Special assessments.....	-	-	-	-	733,366	733,366
Intergovernmental.....	5,719,970	389,552	-	8,733,796	1,689,694	16,533,012
Tax foreclosures.....	1,641,560	-	-	-	-	1,641,560
<b>TOTAL ASSETS.....</b>	<b>\$ 51,602,530</b>	<b>\$ 4,810,740</b>	<b>\$ 7,041,858</b>	<b>\$ 16,078,284</b>	<b>\$ 25,646,841</b>	<b>\$ 105,180,253</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 3,515,171	\$ 614,342	\$ 2,457,371	\$ -	\$ 2,201,621	\$ 8,788,505
Accrued payroll.....	763,330	-	-	-	41,358	804,688
Tax refunds payable.....	90,000	-	-	-	-	90,000
Payroll withholdings.....	9,946	-	-	-	-	9,946
Abandoned property.....	129,576	-	-	-	-	129,576
Notes payable.....	-	3,725,000	-	-	135,000	3,860,000
<b>TOTAL LIABILITIES.....</b>	<b>4,508,023</b>	<b>4,339,342</b>	<b>2,457,371</b>	<b>-</b>	<b>2,377,979</b>	<b>13,682,715</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues.....	9,617,684	420,622	-	-	2,002,743	12,041,049
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	1,476,394	1,476,394
Restricted.....	1,871,855	50,776	4,584,487	16,078,284	19,789,725	42,375,127
Committed.....	1,368,544	-	-	-	-	1,368,544
Assigned.....	8,405,160	-	-	-	-	8,405,160
Unassigned.....	25,831,264	-	-	-	-	25,831,264
<b>TOTAL FUND BALANCES (DEFICITS).....</b>	<b>37,476,823</b>	<b>50,776</b>	<b>4,584,487</b>	<b>16,078,284</b>	<b>21,266,119</b>	<b>79,456,489</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 51,602,530</b>	<b>\$ 4,810,740</b>	<b>\$ 7,041,858</b>	<b>\$ 16,078,284</b>	<b>\$ 25,646,841</b>	<b>\$ 105,180,253</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

Total governmental fund balances.....	\$ 79,456,489
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	439,046,606
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	12,041,053
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....	24,196,175
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities:	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	4,829,210
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(1,168,296)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(182,641,215)
Landfill closure.....	(600,000)
Other postemployment benefits.....	(177,725,006)
Compensated absences.....	(1,852,000)
Net pension liability.....	(151,641,328)
Net effect of reporting long-term liabilities.....	(514,459,549)
In the statement of activities, deferred charges are reported for refundings of debt, which are amortized over the shorter of the remaining life of the refunding bonds or refunded bonds. In governmental funds, defeasances of debt are expensed when the refunding bonds are issued.....	828,085
Net position of governmental activities.....	<u>\$ 44,769,773</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 156,078,927	\$ -	\$ -	\$ -	\$ -	\$ 156,078,927
Tax liens.....	1,559,140	-	-	-	-	1,559,140
Motor vehicle and other excise taxes.....	9,008,098	-	-	-	-	9,008,098
Community preservation tax.....	-	2,276,962	-	-	-	2,276,962
Penalties and interest on taxes.....	909,458	-	-	-	-	909,458
Payments in lieu of taxes.....	74,724	-	-	-	-	74,724
Intergovernmental - federal.....	691,726	-	-	-	7,868,665	8,560,391
Intergovernmental - state.....	52,534,709	440,684	-	27,864,027	7,203,323	88,042,743
Departmental and other.....	6,859,783	-	-	-	8,347,942	15,207,725
Contributions.....	-	-	204,369	-	860,159	1,064,528
Investment income/(loss).....	866,518	36,483	-	-	28,467	931,468
<b>TOTAL REVENUES.....</b>	<b>228,583,083</b>	<b>2,754,129</b>	<b>204,369</b>	<b>27,864,027</b>	<b>24,308,556</b>	<b>283,714,164</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	8,571,571	-	19,036,305	-	2,074,485	29,682,361
Public safety.....	24,180,242	-	-	-	787,438	24,967,680
Education.....	97,716,257	-	-	47,594,972	10,227,414	155,538,643
Public works.....	9,333,705	-	-	-	8,723,302	18,057,007
Human services.....	1,434,519	-	-	-	232,804	1,667,323
Culture and recreation.....	2,831,365	-	-	-	1,371,118	4,202,483
Community preservation.....	-	7,275,232	-	-	-	7,275,232
Pension benefits.....	30,384,457	-	-	-	-	30,384,457
Employee benefits.....	38,531,121	-	-	-	-	38,531,121
State and county charges.....	1,082,997	-	-	-	-	1,082,997
Debt service:						
Principal.....	8,134,901	-	-	-	-	8,134,901
Interest.....	5,422,172	-	-	-	-	5,422,172
<b>TOTAL EXPENDITURES.....</b>	<b>227,623,307</b>	<b>7,275,232</b>	<b>19,036,305</b>	<b>47,594,972</b>	<b>23,416,561</b>	<b>324,946,377</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>959,776</b>	<b>(4,521,103)</b>	<b>(18,831,936)</b>	<b>(19,730,945)</b>	<b>891,995</b>	<b>(41,232,213)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	31,010,000	30,000,000	7,665,000	68,675,000
Proceeds from refunding bonds.....	8,390,125	-	-	-	-	8,390,125
Premium from issuance of bonds and notes.....	-	-	1,766,000	-	3,270,155	5,036,155
Premium from issuance of refunding bonds.....	1,099,698	-	-	-	-	1,099,698
Payments to refunded bond escrow agent.....	(9,489,823)	-	-	-	-	(9,489,823)
Gain on sale of assets.....	-	-	-	-	20,000	20,000
Transfers in.....	4,040,737	-	-	2,250,595	1,212,607	7,503,939
Transfers out.....	(1,272,514)	-	-	-	(4,215,239)	(5,487,753)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,768,223</b>	<b>-</b>	<b>32,776,000</b>	<b>32,250,595</b>	<b>7,952,523</b>	<b>75,747,341</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>3,727,999</b>	<b>(4,521,103)</b>	<b>13,944,064</b>	<b>12,519,650</b>	<b>8,844,518</b>	<b>34,515,128</b>
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....</b>	<b>33,748,824</b>	<b>4,571,879</b>	<b>(9,359,577)</b>	<b>3,558,634</b>	<b>12,421,601</b>	<b>44,941,361</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 37,476,823</b>	<b>\$ 50,776</b>	<b>\$ 4,584,487</b>	<b>\$ 16,078,284</b>	<b>\$ 21,266,119</b>	<b>\$ 79,456,489</b>

See notes to basic financial statements.



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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....		\$ 34,515,128
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay.....	78,371,220	
Depreciation expense.....	<u>(11,998,477)</u>	
Net effect of reporting capital assets.....		66,372,743
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(2,968,042)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>		
Issuance of bonds.....	(68,675,000)	
Proceeds from refunding bonds and notes.....	(8,390,125)	
Premium from issuance of bonds.....	(5,036,155)	
Premium from issuance of refunding bonds.....	(1,099,698)	
Debt service principal payments.....	8,134,901	
Payments to refunding escrow agent.....	9,489,823	
Amortization of bond premiums.....	<u>790,552</u>	
Net effect of reporting long-term debt.....		(64,785,702)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Net change in compensated absences accrual.....	(150,000)	
Net change in accrued interest on long-term debt.....	(433,317)	
Net change in landfill closure accrual.....	50,000	
Net change in other postemployment benefit accrual.....	(22,403,238)	
Amortization of deferred charge on refunding.....	(90,626)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	5,280,232	
Net change in net pension liability.....	<u>(14,085,733)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(31,832,682)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities:</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>221,178</u>
Change in net position of governmental activities.....		<u>\$ 1,522,623</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 8,942,179	\$ 958,127	\$ 623,378	\$ 2,597,162	\$ 13,120,846	\$ 8,406,991
Receivables, net of allowance for uncollectibles:						
User fees.....	2,459,884	2,002,195	-	-	4,462,079	-
Departmental and other.....	-	-	-	80,994	80,994	-
Special assessments.....	-	3,412,615	-	-	3,412,615	-
Intergovernmental.....	12,707	628,885	-	-	641,592	-
Working capital deposit.....	-	-	-	-	-	196,500
Total current assets.....	11,414,770	7,001,822	623,378	2,678,156	21,718,126	8,603,491
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Intergovernmental.....	44,925	2,516,106	-	-	2,561,031	-
Capital assets, net of accumulated depreciation.....						
Nondepreciable.....	19,586,858	45,910,871	12,200,567	-	77,698,296	-
Depreciable.....	21,070,185	31,773,284	7,569,149	772,259	61,184,877	-
Total noncurrent assets.....	40,701,968	80,200,261	19,769,716	772,259	141,444,204	-
<b>TOTAL ASSETS.....</b>	<b>52,116,738</b>	<b>87,202,083</b>	<b>20,393,094</b>	<b>3,450,415</b>	<b>163,162,330</b>	<b>8,603,491</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions...	513,053	143,219	237,492	135,967	1,029,731	-
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	620,732	3,350,487	1,043,523	132,374	5,147,116	193,988
Accrued payroll.....	19,148	8,710	9,669	4,215	41,742	-
Health claims payable.....	-	-	-	-	-	2,572,000
Accrued interest.....	84,880	104,681	3,343	-	192,904	-
Other liabilities.....	-	-	-	987,749	987,749	1,008,293
Compensated absences.....	5,700	2,400	3,900	900	12,900	-
Notes payable.....	800,000	36,616,137	-	-	37,416,137	-
Bonds payable.....	1,304,017	2,628,395	20,000	-	3,952,412	-
Total current liabilities.....	2,834,477	42,710,810	1,080,435	1,125,238	47,750,960	3,774,281
<b>NONCURRENT:</b>						
Compensated absences.....	51,300	21,600	35,100	8,100	116,100	-
Other postemployment benefits.....	2,249,492	348,199	805,293	648,647	4,051,631	-
Bonds payable.....	11,099,980	14,892,168	420,000	-	26,412,148	-
Net pension liability.....	3,187,578	889,810	1,475,528	844,756	6,397,672	-
Total noncurrent liabilities.....	16,588,350	16,151,777	2,735,921	1,501,503	36,977,551	-
<b>TOTAL LIABILITIES.....</b>	<b>19,422,827</b>	<b>58,862,587</b>	<b>3,816,356</b>	<b>2,626,741</b>	<b>84,728,511</b>	<b>3,774,281</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions....	4,437	1,239	2,054	1,176	8,906	-
<b>NET POSITION</b>						
Net investment in capital assets.....	32,346,243	26,692,446	19,329,716	772,259	79,140,664	-
Unrestricted.....	856,284	1,789,030	(2,517,540)	186,206	313,980	4,829,210
<b>TOTAL NET POSITION.....</b>	<b>\$ 33,202,527</b>	<b>\$ 28,481,476</b>	<b>\$ 16,812,176</b>	<b>\$ 958,465</b>	<b>\$ 79,454,644</b>	<b>\$ 4,829,210</b>

See notes to basic financial statements.

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

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
<b>OPERATING REVENUES:</b>						
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	7,742,393
Employer contributions.....	-	-	-	-	-	31,937,770
Charges for services.....	5,861,268	5,993,091	31,396	2,635,741	14,521,496	-
Fuel sales.....	-	-	1,752,551	-	1,752,551	-
Rentals.....	-	-	374,744	-	374,744	-
Other.....	18,222	-	-	1,634	19,856	219,210
<b>TOTAL OPERATING REVENUES.....</b>	<b>5,879,490</b>	<b>5,993,091</b>	<b>2,158,691</b>	<b>2,637,375</b>	<b>16,668,647</b>	<b>39,899,373</b>
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	2,928,374	2,871,391	2,578,969	2,167,230	10,545,964	-
Depreciation.....	1,620,406	1,083,142	647,826	119,391	3,470,765	-
Employee benefits.....	-	-	-	-	-	39,731,509
<b>TOTAL OPERATING EXPENSES.....</b>	<b>4,548,780</b>	<b>3,954,533</b>	<b>3,226,795</b>	<b>2,286,621</b>	<b>14,016,729</b>	<b>39,731,509</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,330,710</b>	<b>2,038,558</b>	<b>(1,068,104)</b>	<b>350,754</b>	<b>2,651,918</b>	<b>167,864</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income/(loss).....	42,857	25,098	2,275	8,299	78,529	53,314
Interest expense.....	(333,050)	(767,843)	(12,729)	-	(1,113,622)	-
Intergovernmental - state.....	7,731	435,955	-	-	443,686	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(282,462)</b>	<b>(306,790)</b>	<b>(10,454)</b>	<b>8,299</b>	<b>(591,407)</b>	<b>53,314</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....</b>	<b>1,048,248</b>	<b>1,731,768</b>	<b>(1,078,558)</b>	<b>359,053</b>	<b>2,060,511</b>	<b>221,178</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>-</b>	<b>3,655,077</b>	<b>2,672,635</b>	<b>-</b>	<b>6,327,712</b>	<b>-</b>
<b>TRANSFERS:</b>						
Transfers in.....	48,004	906	7,906	3,091	59,907	-
Transfers out.....	(1,293,076)	(293,124)	(194,979)	(294,914)	(2,076,093)	-
<b>TOTAL TRANSFERS.....</b>	<b>(1,245,072)</b>	<b>(292,218)</b>	<b>(187,073)</b>	<b>(291,823)</b>	<b>(2,016,186)</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>(196,824)</b>	<b>5,094,627</b>	<b>1,407,004</b>	<b>67,230</b>	<b>6,372,037</b>	<b>221,178</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>33,399,351</b>	<b>23,386,849</b>	<b>15,405,172</b>	<b>891,235</b>	<b>73,082,607</b>	<b>4,608,032</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 33,202,527</b>	<b>\$ 28,481,476</b>	<b>\$ 16,812,176</b>	<b>\$ 958,465</b>	<b>\$ 79,454,644</b>	<b>\$ 4,829,210</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Airport	Solid Waste	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 5,181,074	\$ 5,235,513	\$ 2,178,877	\$ 2,637,625	\$ 15,233,089	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	40,131,389
Payments to vendors.....	(1,469,195)	(2,059,012)	(1,870,006)	(1,615,745)	(7,013,958)	-
Payments to employees.....	(1,140,570)	(754,492)	(507,658)	(226,413)	(2,629,133)	-
Payments for interfund services used.....	-	-	-	-	-	(39,519,514)
NET CASH FROM OPERATING ACTIVITIES.....	2,571,309	2,422,009	(198,787)	795,467	5,589,998	611,875
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	48,004	906	7,906	3,091	59,907	-
Transfers out.....	(1,293,076)	(293,124)	(194,979)	(294,914)	(2,076,093)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(1,245,072)	(292,218)	(187,073)	(291,823)	(2,016,186)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	5,825,000	40,546,137	440,000	-	46,811,137	-
Premium from the issuance of bonds and notes.....	694,884	331,815	-	-	1,026,699	-
Proceeds from the issuance of refunding bonds.....	1,981,375	288,500	-	-	2,269,875	-
Premium from the issuance of refunding bonds.....	259,699	37,814	-	-	297,513	-
Payment to escrow agent.....	(2,241,074)	(326,314)	-	-	(2,567,388)	-
Capital contributions.....	-	242,462	2,672,635	-	2,915,097	-
Acquisition and construction of capital assets.....	(1,829,030)	(36,508,488)	(2,109,801)	-	(40,447,319)	-
Principal payments on bonds and notes.....	(2,654,626)	(5,462,867)	(500,000)	-	(8,617,493)	-
Interest expense.....	(331,264)	(345,821)	(9,386)	-	(686,471)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	1,704,964	(1,196,762)	493,448	-	1,001,650	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income/(loss).....	42,857	25,098	2,275	8,299	78,529	53,314
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,074,058	958,127	109,863	511,943	4,653,991	665,189
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	5,868,121	-	513,515	2,085,219	8,466,855	7,741,802
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,942,179	\$ 958,127	\$ 623,378	\$ 2,597,162	\$ 13,120,846	\$ 8,406,991
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ 1,330,710	\$ 2,038,558	\$ (1,068,104)	\$ 350,754	\$ 2,651,918	\$ 167,864
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation.....	1,620,406	1,083,142	647,826	119,391	3,470,765	-
Deferred (outflows)/inflows related to pensions.....	(110,993)	(30,983)	(51,378)	(29,414)	(222,768)	-
Changes in assets and liabilities:						
User fees.....	(698,416)	(757,578)	-	-	(1,455,994)	-
Departmental and other.....	-	-	-	250	250	232,016
Intergovernmental.....	-	-	20,186	-	20,186	-
Working capital deposit.....	-	-	-	-	-	(6,900)
Warrants payable.....	(109,999)	16,596	11,016	21,317	(61,070)	26,967
Other postemployment benefits.....	231,803	(7,090)	94,685	43,968	363,366	-
Accrued payroll.....	3,709	(4,288)	2,923	316	2,660	-
Health claims payable.....	-	-	-	-	-	234,300
Other liabilities.....	-	-	-	209,418	209,418	(42,372)
Accrued compensated absences.....	8,000	1,000	7,000	1,000	17,000	-
Net pension liability.....	296,089	82,652	137,059	78,467	594,267	-
Total adjustments.....	1,240,599	383,451	869,317	444,713	2,938,080	444,011
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,571,309	\$ 2,422,009	\$ (198,787)	\$ 795,467	\$ 5,589,998	\$ 611,875
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Principal and interest intergovernmental subsidies.....	\$ (19,493)	\$ (1,027,015)	\$ -	\$ -	\$ (1,046,508)	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 1,050,968	\$ 15,063	\$ 176,092	\$ 1,233,040
Investments.....	154,089,197	2,634,411	2,588,083	-
Prepaid expenses.....	9,331	-	-	-
<b>TOTAL ASSETS.....</b>	<b>155,149,496</b>	<b>2,649,474</b>	<b>2,764,175</b>	<b>1,233,040</b>
<b>LIABILITIES</b>				
Warrants payable.....	133,574	-	-	48,047
Liabilities due depositors.....	-	-	-	1,184,993
<b>TOTAL LIABILITIES.....</b>	<b>133,574</b>	<b>-</b>	<b>-</b>	<b>1,233,040</b>
<b>NET POSITION</b>				
Restricted for:				
Other postemployment benefits.....	-	2,649,474	-	-
Held in trust for:				
Pension benefits.....	155,015,922	-	-	-
Other purposes.....	-	-	2,764,175	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 155,015,922</b>	<b>\$ 2,649,474</b>	<b>\$ 2,764,175</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2017**

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contribution to trust.....	\$ 11,608,246	\$ 711,950	\$ -
Employee.....	4,137,945	-	-
Employer contribution to pay for OPEB benefits.....	-	16,651,413	-
Employer - federal grant contributions.....	74,017	-	-
Member makeup payments and redeposits.....	135,559	-	-
Private donations.....	-	-	5,000
Retirement benefits - 3(8)c contributions from other systems.....	377,750	-	-
Interest not refunded.....	1,246	-	-
Intergovernmental - COLA.....	228,119	-	-
Transfers from other systems.....	559,872	-	-
Miscellaneous.....	41,202	-	-
Total contributions.....	17,163,956	17,363,363	5,000
Net investment income (loss):			
Net change in fair value of investments.....	8,571,374	186,954	-
Interest.....	3,184,724	-	92,976
Total investment income (loss).....	11,756,098	186,954	92,976
Less: investment expense.....	(1,144,639)	-	-
Net investment income (loss).....	10,611,459	186,954	92,976
TOTAL ADDITIONS.....	27,775,415	17,550,317	97,976
<b>DEDUCTIONS:</b>			
Administration.....	516,425	-	-
Transfers to other systems.....	153,343	-	-
Retirement benefits and refunds.....	17,202,755	-	-
Retirement benefits - 3(8)c contributions to other systems.....	433,762	-	-
OPEB Benefits.....	-	16,651,413	-
Educational scholarships.....	-	-	36,500
TOTAL DEDUCTIONS.....	18,306,285	16,651,413	36,500
CHANGE IN NET POSITION.....	9,469,130	898,904	61,476
NET POSITION AT BEGINNING OF YEAR.....	145,546,792	1,750,570	2,702,699
NET POSITION AT END OF YEAR.....	\$ 155,015,922	\$ 2,649,474	\$ 2,764,175

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Two entities have been included as component units in the reporting entity, because of the significance of their operational and/or financial relationship.

*Component Unit Presented as a Fiduciary Fund* – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of relationship between the Town and the component unit.

The Plymouth Contributory Retirement System (System) was established to provide retirement benefits to Town employees, the Plymouth Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Finance Director (ex-officio), two members elected by the System's participants and two members appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

*Discretely Presented Component Units* – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town has presented the following discretely presented component unit.

The Plymouth Growth & Development Corporation was established under Chapter 182 of the Acts of 2002 for the purpose of aiding the Town of Plymouth in developing unused or underused areas and supporting the economic viability of Plymouth. In addition, the Corporation can carry out any other public purpose designated by the Board of Selectmen. The seven-member Board of Directors is appointed by the Board of Selectmen.

**Availability of Financial Information for Component Units**

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 10 Cordage Park Circle, Suite 240, Plymouth, Massachusetts, 02360.

Complete financial statements of the Plymouth Growth & Development Corporation may be obtained by contacting the Corporation at 40 Court Street, Plymouth, Massachusetts, 02360.

## B. Government-Wide and Fund Financial Statements

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

### *Major Fund Criteria*

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

## C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

### *Government-Wide Financial Statements*

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

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



Program revenues include the following:

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

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

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

#### *Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

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

The *Town building/land capital fund* is used to account for all financial resources appropriated to fund Town building and land purchase related capital projects.

The *excluded debt projects fund* is used to account for all financial resources appropriated to fund projects that are funded using debt exclusions. A community can assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects and for the payment of specified debt service costs with voter approval.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major proprietary funds are reported:

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

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

The *airport enterprise fund* is used to account for the Town's airport activities.

The *solid waste enterprise fund* is used to account for the Town's disposal activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance and employee benefit programs.

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

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the Plymouth Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

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

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

The *agency fund* is used to account for assets held in a purely custodial capacity by the Town.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Cash and Investments.

**F. Accounts Receivable*****Government-Wide and Fund Financial Statements***

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

***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed during the year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

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

***Motor Vehicle Excise***

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

***Water and Sewer***

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

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

***Departmental and Other***

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

***Intergovernmental***

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

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

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

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

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

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

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20-50
Buildings.....	30-50
Machinery and equipment.....	5-20
Vehicles.....	5-8
Infrastructure.....	20-50

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

***Governmental Fund Financial Statements***

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

## I. Deferred Outflows/Inflows of Resources

### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reported deferred charges on refunding and deferred outflows related to pensions in this category.

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

### *Governmental Fund Financial Statements*

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

## J. Unavailable Revenue

### *Fund Financial Statements*

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

## K. Interfund Receivables and Payables

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

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

### L. Interfund Transfers

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

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

### M. Net Position and Fund Equity

#### *Government-Wide Financial Statements (Net Position)*

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

Net position has been "restricted for" the following:

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

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

"Grants and gifts" represents restrictions placed on assets from outside parties.

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

#### *Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen has, by resolution, authorized the Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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

#### N. Pensions

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

#### O. Long-term Debt

##### *Government-Wide and Proprietary Fund Financial Statements*

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

##### *Governmental Fund Financial Statements*

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



P. Investment Income

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

Investment income from proprietary funds and the internal service fund is retained within the respective fund.

Q. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

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

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

S. Individual Fund Deficits

Individual fund deficits exist within the Capital Project and Special Revenue Funds. These deficits will be funded through bond proceeds, grant funds, and available fund balance in future years.

T. Total Column*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – PROPERTY TAX LIMITATION**

The amount that can be raised by the Town tax levy is governed by Proposition 2 ½. The gross tax levy for 2017 was \$157,125,887, which was \$4,273,743 less than the levy limit allowable for the year as computed under Proposition 2 ½.

**NOTE 3 - CASH AND INVESTMENTS**

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

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

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$78,903,183 and the bank balance totaled \$81,728,682. Of the bank balance, \$2,505,056 was covered by Federal Depository Insurance, \$35,172,539 was covered by the Depositors Insurance Fund, \$7,669,778 was covered by Share Insurance Fund, \$10,973,151 was collateralized, and \$25,408,158 was uninsured and uncollateralized.

At June 30, 2017, the carrying amount of deposits for the other postemployment benefit trust fund totaled \$15,063.

At December 31, 2016, the carrying amount of deposits for the System totaled \$262,448 and the bank balance totaled \$398,526 all of which was covered by Federal Depository Insurance.

At December 31, 2016, the carrying amount of deposits for the component unit totaled \$2,507,141 and the bank balance totaled \$2,508,705. Of the bank balance, \$683,012 was covered by Federal Depository Insurance or collateralization, and \$1,825,693 was uninsured and uncollateralized.

**Investments**

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

Investment Type	Maturity				
	Fair Value	Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt Securities</u>					
U.S. Government Agencies.....	\$ 3,702,237	\$ 561,608	\$ 3,140,629	\$ -	\$ -
Corporate Bonds.....	6,468,750	-	6,468,750	-	-
Fixed Income Mutual Funds.....	989,280	-	-	989,280	-
Total Debt Securities.....	11,160,267	\$ 561,608	\$ 9,609,379	\$ 989,280	\$ -
<u>Other Investments</u>					
Equity Securities.....	6,260,736				
Equity Mutual Funds.....	1,645,131				
Negotiable Certificates of Deposit.....	4,184,077				
MMDT.....	8,701,715				
Total Investments.....	\$ 31,951,926				

As of December 31, 2016, the Retirement System had the following investments:

Investment Type	Maturity	
	Fair Value	6-10 Years
<u>Debt Securities</u>		
Bond Mutual Funds.....	\$ 16,255,180	\$ <u>16,255,180</u>
<u>Other Investments</u>		
Equity Securities.....	30,481,701	
Equity Mutual Funds.....	61,900,125	
Pooled Real Estate.....	15,786,959	
Money Market Mutual Funds.....	788,520	
Alternative Investment Mutual Funds....	17,138,481	
International Securities.....	10,996,171	
PRIT General Allocation Fund.....	<u>1,530,580</u>	
Total Investments.....	\$ <u>154,877,717</u>	

#### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has a custodial credit risk exposure of \$17,421,003 because the related debt and equity securities are uninsured, unregistered and held by the counterparty. The Town will minimize custodial credit risk with the use of reporting services such as Veribanc, Moody's Investors Services, Fitch Rating, and Standard and Poor's.

The Retirement System's investments are not subject to custodial credit risk as all of the securities are insured or registered, and held by its agents in the name of the Plymouth Contributory Retirement System.

#### Interest Rate Risk

The Town will minimize interest rate risk by diversifying in a "laddered" type of investment to spread out maturities of certificates of deposit, treasuries and government agency bonds.

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately three months.

The System investment policy states that the duration of all fixed income securities shall be maintained within a range of +/- fifteen percent of the duration of the fixed income benchmark designated within the "Manager Specific Guidelines". Also, when managing assets the System at all times must be in accordance with the provisions of the Public Employee Retirement Administration Commission (PERAC), the Employee Retirement Income Security Act (ERISA), and Department of Labor regulations.

#### Credit Risk

At June 30, 2017, the Town's investments in U.S. Government Agencies are rated AAA, fixed income mutual funds are rated Aa2, and Corporate Bonds are rated AA3, A1, A2, A3, BAA1, BAA2, BAA3 and BA1. The equity securities, negotiable certificates of deposit, and MMDT are unrated.

The System's policy states that all fixed income investments shall be maintained at a quality rating of A or better, unless "Manager Specific Guidelines" allow further diversification. At December 31, 2016, the System has Bond Mutual Funds rated AA-.

### Concentration of Credit Risk

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of institution will be minimized. The target upper level range of funds concentrated in any institution is 10%. There were no individual investments that exceeded 10% of the total investments at June 30, 2017.

The System places a 5% maximum investment in any one issuer. There were no individual investments that exceeded 5% of the total investments at June 30, 2017.

### Fair Market Value of Investments

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

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

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

Investment Type	6/30/17	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
<u>Debt Securities:</u>				
U.S. Government Agencies.....	\$ 3,702,237	\$ 3,702,237	\$ -	\$ -
Corporate Bonds.....	6,468,750	-	6,468,750	-
Fixed Income Mutual Funds.....	989,280	989,280	-	-
Total debt securities.....	11,160,267	4,691,517	6,468,750	-
<u>Other Investments:</u>				
Equity securities.....	6,260,736	6,260,736	-	-
Equity Mutual Funds.....	1,645,131	1,645,131	-	-
Negotiable Certificates of Deposit.....	4,184,077	4,184,077	-	-
Total other investments.....	12,089,944	12,089,944	-	-
Total investments measured at fair value.....	23,250,211	\$ 16,781,461	\$ 6,468,750	\$ -
<b>Investments measured at amortized cost</b>				
MMDT.....	8,701,715			
Total investments.....	\$ 31,951,926			

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

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

### Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2016:

Investment Type	12/31/16	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
<u>Debt Securities:</u>				
Bond Mutual Funds.....	\$ 16,255,180	\$ 16,255,180	\$ -	\$ -
<u>Other Investments:</u>				
Equity Securities.....	30,481,701	30,481,701	-	-
Equity Mutual Funds.....	61,900,125	61,900,125	-	-
Money Market Mutual Funds.....	788,520	788,520	-	-
Pooled Real Estate Funds.....	15,786,959	-	-	15,786,959
Alternative Investment Mutual Funds.....	17,138,481	-	-	17,138,481
International Equity Mutual Funds.....	10,996,171	10,996,171	-	-
Total other investments.....	137,091,957	104,166,517	-	32,925,440
Total investments measured at fair value.....	153,347,137	\$ 120,421,697	\$ -	\$ 32,925,440
<b>Investments measured at the net asset value</b>				
PRIT Investments.....	1,530,580			
Total investments.....	\$ 154,877,717			

Bond mutual funds, equity securities, equity mutual funds, money market mutual funds and international equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Pooled real estate funds and alternative investment mutual funds classified in level 3 are valued using either a discounted cash flow or market comparable companies technique.

PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

#### NOTE 4 – RECEIVABLES

At June 30, 2017, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes...	\$ 2,588,489	\$ (191,000)	\$ 2,397,489
Tax liens.....	329,045	-	329,045
Motor vehicle and other excise taxes.....	2,094,210	(1,257,000)	837,210
Departmental and other.....	27,988	-	27,988
Special assessments.....	733,366	-	733,366
Intergovernmental.....	16,533,012	-	16,533,012
Total.....	<u>\$ 22,306,110</u>	<u>\$ (1,448,000)</u>	<u>\$ 20,858,110</u>

At June 30, 2017, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user fees.....	\$ 2,459,884	\$ -	\$ 2,459,884
Sewer user fees.....	2,002,195	-	2,002,195
Sewer betterments.....	3,412,615	-	3,412,615
Water intergovernmental.....	57,632	-	57,632
Sewer intergovernmental.....	3,144,991	-	3,144,991
Solid Waste departmental and other.....	80,994	-	80,994
Total.....	<u>\$ 11,158,311</u>	<u>\$ -</u>	<u>\$ 11,158,311</u>

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

	General Fund	Community Preservation Funds	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>				
Real estate and personal property taxes...	\$ 1,308,540	\$ -	\$ -	\$ 1,308,540
Tax liens.....	324,639	4,406	-	329,045
Motor vehicle and other excise taxes.....	837,210	-	-	837,210
Departmental and other.....	-	26,664	-	26,664
Special assessments.....	-	-	733,366	733,366
Intergovernmental.....	5,505,735	389,552	1,269,377	7,164,664
Tax foreclosures.....	1,641,560	-	-	1,641,560
Total.....	\$ <u>9,617,684</u>	\$ <u>420,622</u>	\$ <u>2,002,743</u>	\$ <u>12,041,049</u>

## NOTE 5 – CAPITAL ASSETS

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

### Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 102,337,294	\$ 1,129,789	\$ -	\$ 103,467,083
Construction in progress.....	65,012,094	89,123,833	(20,572,420)	133,563,507
Total capital assets not being depreciated.....	167,349,388	90,253,622	(20,572,420)	237,030,590
<u>Capital assets being depreciated:</u>				
Land improvements.....	11,344,768	495,340	-	11,840,108
Buildings.....	220,001,278	112,053	-	220,113,331
Machinery and equipment.....	44,979,836	2,097,114	-	47,076,950
Infrastructure.....	85,562,782	4,952,539	-	90,515,321
Vehicles.....	9,559,026	1,032,972	-	10,591,998
Total capital assets being depreciated.....	371,447,690	8,690,018	-	380,137,708
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,522,909)	(500,510)	-	(6,023,419)
Buildings.....	(66,970,871)	(6,278,083)	-	(73,248,954)
Machinery and equipment.....	(37,470,499)	(1,769,281)	-	(39,239,780)
Infrastructure.....	(50,186,417)	(2,623,033)	-	(52,809,450)
Vehicles.....	(5,972,519)	(827,570)	-	(6,800,089)
Total accumulated depreciation.....	(166,123,215)	(11,998,477)	-	(178,121,692)
Total capital assets being depreciated, net.....	205,324,475	(3,308,459)	-	202,016,016
Total governmental activities capital assets, net.....	\$ <u>372,673,863</u>	\$ <u>86,945,163</u>	\$ <u>(20,572,420)</u>	\$ <u>439,046,606</u>

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 20,734,701	\$ -	\$ -	\$ 20,734,701
Construction in progress.....	31,282,164	33,855,171	(8,173,740)	56,963,595
Total capital assets not being depreciated.....	52,016,865	33,855,171	(8,173,740)	77,698,296
<u>Capital assets being depreciated:</u>				
Land improvements.....	10,558,107	-	-	10,558,107
Buildings.....	32,877,102	38,750	-	32,915,852
Machinery and equipment.....	4,568,431	174,336	-	4,742,767
Vehicles.....	1,085,364	214,154	-	1,299,518
Infrastructure.....	84,957,688	770,684	-	85,728,372
Total capital assets being depreciated.....	134,046,692	1,197,924	-	135,244,616
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,315,922)	(454,232)	-	(5,770,154)
Buildings.....	(10,058,220)	(742,323)	-	(10,800,543)
Machinery and equipment.....	(2,309,339)	(445,359)	-	(2,754,698)
Vehicles.....	(789,165)	(105,880)	-	(895,045)
Infrastructure.....	(52,116,328)	(1,722,971)	-	(53,839,299)
Total accumulated depreciation.....	(70,588,974)	(3,470,765)	-	(74,059,739)
Total capital assets being depreciated, net.....	63,457,718	(2,272,841)	-	61,184,877
Total business-type activities capital assets, net.....	\$ 115,474,583	\$ 31,582,330	\$ (8,173,740)	\$ 138,883,173

**Component Unit**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Discretely Presented Component Units:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 485,033	\$ -	\$ -	\$ 485,033
Construction in progress.....	69,761	149,472	-	219,233
Total capital assets not being depreciated.....	554,794	149,472	-	704,266
<u>Capital assets being depreciated:</u>				
Leasehold improvements.....	46,890	1,800	-	48,690
Machinery and equipment.....	631,572	13,173	-	644,745
Vehicles.....	49,251	-	-	49,251
Total capital assets being depreciated.....	727,713	14,973	-	742,686
<u>Less accumulated depreciation:</u>				
Accumulated depreciation.....	(528,606)	(50,376)	-	(578,982)
Total capital assets being depreciated, net.....	199,107	(35,403)	-	163,704
Total discretely presented component units capital assets, net.....	\$ 753,901	\$ 114,069	\$ -	\$ 867,970



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

**Governmental Activities:**

General government.....	\$	667,401
Public safety.....		1,596,026
Education.....		5,659,540
Public works.....		3,565,906
Community preservation.....		31,195
Human services.....		278,042
Culture and recreation.....		200,367

Total depreciation expense - governmental activities..... \$ 11,998,477

**Business-Type Activities:**

Water.....	\$	1,620,406
Sewer.....		1,083,142
Airport.....		647,826
Solid Waste.....		119,391

Total depreciation expense - business-type activities..... \$ 3,470,765

**Component Unit Activities:**

Plymouth Growth and Development Corporation.....	\$	<u>50,376</u>
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**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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

Operating Transfers Out:	Operating Transfers In:							Total
	General Fund	Excluded Debt Projects	Nonmajor Governmental Funds	Sewer Enterprise Fund	Water Enterprise Fund	Airport Enterprise Fund	Solid Waste Enterprise Fund	
General Fund.....	\$ -	\$ -	\$ 1,212,607	\$ 906	\$ 48,004	\$ 7,906	\$ 3,091	\$ 1,272,514 (1)
Nonmajor Governmental Funds....	1,964,644	2,250,595	-	-	-	-	-	4,215,239 (2)
Water Enterprise Fund.....	1,293,076	-	-	-	-	-	-	1,293,076 (3)
Sewer Enterprise Fund.....	293,124	-	-	-	-	-	-	293,124 (3)
Airport Enterprise Fund.....	194,979	-	-	-	-	-	-	194,979 (3)
Solid Waste Enterprise Fund.....	294,914	-	-	-	-	-	-	294,914 (3)
	<u>\$ 4,040,737</u>	<u>\$ 2,250,595</u>	<u>\$ 1,212,607</u>	<u>\$ 906</u>	<u>\$ 48,004</u>	<u>\$ 7,906</u>	<u>\$ 3,091</u>	<u>\$ 7,563,846</u>

- (1) Budgeted transfers from the General Fund to the compensated absence stabilization fund and the various enterprise funds as a result of contract negotiation settlements.
- (2) Transfers from the Nonmajor Funds to fund the 2017 General Fund operating budget and to transfer premium received on excluded long-term debt to the capital projects fund.
- (3) Transfers from the Enterprise Funds to the General Fund for the reimbursement of indirect costs.

**NOTE 7 – SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2017, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
<b>Governmental Funds</b>							
BAN	MCWT Interim Note (CWT-14-10).....	0.00	12/31/17	\$ 237,000	\$ 63,000	\$ (300,000)	\$ -
BAN	General Obligation.....	2.00	05/04/17	42,689,000	-	(42,689,000)	-
BAN	General Obligation.....	1.35	06/15/18	-	985,000	-	985,000
BAN	General Obligation.....	2.00	06/15/18	-	2,775,000	-	2,775,000
BAN	MCWT Interim Note (CWP-16-04).....	0.00	08/15/18	-	100,000	-	100,000
	Sub-Total Governmental.....			42,926,000	3,923,000	(42,989,000)	3,860,000
	Unamortized Premium on BANS.....			225,858	-	(225,858)	-
	Total Governmental.....			\$ 43,151,858	\$ 3,923,000	\$ (43,214,858)	\$ 3,860,000
<b>Enterprise Funds</b>							
BAN	Water - General Obligation.....	2.00	05/04/17	\$ 1,922,863	\$ -	\$ (1,922,863)	\$ -
BAN	Water - General Obligation.....	2.00	06/15/18	-	800,000	-	800,000
	Sub-Total Water.....			1,922,863	800,000	(1,922,863)	800,000
BAN	Sewer - General Obligation.....	2.00	05/04/17	3,690,137	-	(3,690,137)	-
BAN	Sewer - General Obligation.....	2.00	06/15/18	-	1,740,000	-	1,740,000
BAN	MCWT Interim Note (CWP-16-07).....	0.00	12/31/19	-	33,035,415	-	33,035,415
BAN	MCWT Interim Note (CWP-16-07a).....	0.00	12/31/19	-	1,840,722	-	1,840,722
	Sub-Total Sewer.....			3,690,137	36,616,137	(3,690,137)	36,616,137
BAN	Airport - General Obligation.....	2.00	05/04/17	500,000	-	(500,000)	-
	Total Enterprise.....			\$ 6,113,000	\$ 37,416,137	\$ (6,113,000)	\$ 37,416,137

**NOTE 8 - LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2017, and the debt service requirements are as follows:

### Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Title V - MCWT (T5-97-1029).....	2017	\$ 199,807	4.00	\$ 11,101	\$ -	\$ 11,101	\$ -
Title V - MCWT (T5-97-1029-1).....	2021	164,236	0.00	46,657	-	8,973	37,684
Title V - MCWT (T5-97-1029-2).....	2025	185,254	4.94	80,000	-	10,000	70,000
FY2005 Landfill Bonds.....	2021	1,629,142	5.31 - 5.32	590,000	-	110,000	480,000
FY2008 Title V - MCWT.....	2028	600,000	0.00	370,315	-	39,955	330,360
FY2009 Landfill Bonds.....	2024	75,000	2.00 - 5.00	40,000	-	30,000	10,000
FY2009 Municipal Purpose Bonds (Refunded)....	2029	28,486,501	2.00 - 5.00	12,560,000	-	10,155,000	2,405,000
FY2009 Municipal Purpose Bonds (Refunded)....	2021	17,712,075	3.00 - 5.00	7,185,000	-	1,675,000	5,510,000
FY2010 Title V - MCWT.....	2028	400,000	0.00	319,996	-	26,668	293,328
FY2011 Municipal Purpose Bonds.....	2036	39,450,000	2.00 - 5.00	31,250,000	-	1,640,000	29,610,000
FY2012 Title V - MCWT.....	2028	400,000	0.00	319,999	-	26,667	293,332
FY2013 Municipal Purpose Bonds.....	2038	23,674,000	3.00 - 5.00	19,365,000	-	1,395,000	17,970,000
FY2015 Municipal Purpose Bonds.....	2040	39,063,063	3.00 - 4.00	37,295,000	-	1,745,000	35,550,000
FY2015 Title V - MCWT.....	2035	300,000	0.00	285,000	-	15,000	270,000
FY2016 Municipal Purpose Bonds.....	2035	730,743	0.00	694,206	-	36,537	657,669
FY2017 General Obligation Refunding Bonds.....	2029	10,660,000	3.00 - 4.00	-	8,390,125	-	8,390,125
FY2017 Municipal Purpose Bonds.....	2047	68,375,000	3.00 - 5.00	-	68,375,000	-	68,375,000
FY2017 Title V - MCWT.....	2037	300,000	0.00	-	300,000	-	300,000
Sub-total Governmental Bonds Payable.....				110,412,274	77,065,125	16,924,901	170,552,498
Unamortized Premium on Bonds.....				6,743,417	6,135,852	790,552	12,088,717
Total Governmental Bonds Payable.....				\$ 117,155,691	\$ 83,200,977	\$ 17,715,453	\$ 182,641,215

In order to take advantage of favorable interest rates, the Town issued \$8,390,125 of General Obligation Refunding Bonds on November 15, 2016. \$8,790,000 of General Obligation bonds were refunded by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This refunding was undertaken to reduce total debt service payments over the next 12 years by \$800,803 and resulted in an economic gain of \$711,785. At June 30, 2017, \$8,790,000 of bonds outstanding from the refunding is considered defeased.

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

**GOVERNMENTAL FUNDS, DEBT SERVICE PAYMENTS**

Year	Principal	Interest	Total
2018.....	\$ 10,075,967	\$ 7,163,856	\$ 17,239,823
2019.....	9,826,258	6,692,187	16,518,445
2020.....	9,791,979	6,211,039	16,003,018
2021.....	8,617,356	5,795,456	14,412,812
2022.....	7,932,900	5,424,140	13,357,040
2023.....	7,848,768	5,062,884	12,911,652
2024.....	7,670,275	4,705,385	12,375,660
2025.....	7,689,176	4,366,349	12,055,525
2026.....	7,618,332	4,026,333	11,644,665
2027.....	7,598,795	3,688,682	11,287,477
2028.....	7,489,265	3,351,468	10,840,733
2029.....	6,188,560	3,041,086	9,229,646
2030.....	6,117,244	2,776,888	8,894,132
2031.....	6,162,586	2,499,277	8,661,863
2032.....	6,157,935	2,268,150	8,426,085
2033.....	5,863,291	2,048,057	7,911,348
2034.....	5,883,655	1,829,011	7,712,666
2035.....	5,614,027	1,604,804	7,218,831
2036.....	5,422,870	1,398,166	6,821,036
2037.....	3,943,259	1,185,529	5,128,788
2038.....	3,855,000	1,045,086	4,900,086
2039.....	3,465,000	893,101	4,358,101
2040.....	3,520,000	758,738	4,278,738
2041.....	2,440,000	622,174	3,062,174
2042.....	2,495,000	524,574	3,019,574
2043.....	2,555,000	424,776	2,979,776
2044.....	2,610,000	335,350	2,945,350
2045.....	2,660,000	244,000	2,904,000
2046.....	2,445,000	137,600	2,582,600
2047.....	995,000	39,800	1,034,800
Total.....	\$ <u>170,552,498</u>	\$ <u>80,163,946</u>	\$ <u>250,716,444</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$137,304 and interest costs of \$59,866. Thus, net MCWT loan repayments, including interest, are scheduled to be \$406,886. The principal subsidies are guaranteed and therefore a \$137,304 intergovernmental receivable and corresponding unavailable revenue were reported in the general fund. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2017 principal and interest subsidies totaled \$31,732 and \$27,465, respectively.

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During 2017, approximately \$1,637,000 of such assistance was received. Approximately \$5,567,690 will be received in future fiscal years. Of this amount, approximately \$199,259 represents reimbursement of long-term interest costs, and approximately \$5,368,431 represents

reimbursement of approved construction costs. Accordingly, a \$5,368,431 intergovernmental receivable and corresponding unavailable revenue have been reported in governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The MSBA offers a construction grant program which pays the Town the State's share of approved school construction costs and therefore eliminates the need for the Town to fund the State's share through long-term debt. The Plymouth South High School project is being funded by this grant program. The total grant received by the Town is expected to be \$47,507,755. As of June 30, 2017, the Town has recognized revenue of \$37,594,363 and expects to receive \$9,913,392 in future years.

### Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
FY2004 MCWT.....	2024	\$ 480,794	0.00	\$ 164,654	\$ -	\$ 17,517	\$ 147,137
FY2005 MCWT (Refunding).....	2023	26,944,600	4.64 - 5.10	12,864,248	-	2,187,346	10,676,902
FY2009 Sewer Bonds.....	2023	946,000	2.00 - 5.00	452,499	-	338,928	113,571
FY2011 Sewer Bonds.....	2031	800,000	2.00 - 5.00	600,000	-	40,000	560,000
FY2015 Sewer Bonds.....	2035	1,549,800	3.00 - 5.00	1,470,000	-	80,000	1,390,000
FY2017 Sewer Bonds (Refunding).....	20209	288,500	3.00 - 4.00	-	288,500	-	288,500
FY2017 Sewer Bonds.....	2037	3,930,000	3.00 - 4.00	-	3,930,000	-	3,930,000
Sub-Total sewer bonds payable.....				15,551,401	4,218,500	2,663,791	17,106,110
Unamortized premium on bonds.....				92,171	331,815	9,533	414,453
Total sewer bonds payable.....				15,643,572	4,550,315	2,673,324	17,520,563
FY2004 Water Bonds (Refunding).....	2021	617,142	5.09	220,000	-	40,000	180,000
FY2009 Water Bonds.....	2029	5,853,849	2.00 - 5.00	2,915,000	-	2,455,000	460,000
FY2011 Water Bonds.....	2031	1,345,000	2.00 - 5.00	995,000	-	70,000	925,000
FY2013 Water Bonds.....	2023	800,000	3.00 - 5.00	560,000	-	80,000	480,000
FY2015 Water Bonds.....	2035	2,652,137	3.00 - 4.00	2,514,806	-	135,000	2,379,806
FY2017 Water Bonds (Refunding).....	2029	1,981,375	3.00 - 4.00	-	1,981,375	-	1,981,375
FY2017 Water Bonds.....	2037	5,025,000	3.00 - 5.00	-	5,025,000	-	5,025,000
Sub-Total water bonds payable.....				7,204,806	7,006,375	2,780,000	11,431,181
Unamortized premium on bonds.....				325,700	694,884	47,768	972,816
Total water bonds payable.....				7,530,506	7,701,259	2,827,768	12,403,997
FY2017 Airport Bonds.....	2032	440,000	3.00 - 5.00	-	440,000	-	440,000
Total Enterprise Bonds Payable.....				\$ 23,174,078	\$ 12,691,574	\$ 5,501,092	\$ 30,364,560

In order to take advantage of favorable interest rates, the Town issued \$1,981,375 of Water and \$288,500 of Sewer General Obligation Refunding Bonds on November 15, 2016. Respectively, \$2,060,000 of Water and \$300,000 of Sewer General Obligation bonds were refunded by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This refunding was undertaken to reduce total debt service payments over the next 12 years by \$171,619 and \$28,301, respectively, and resulted in an economic gain of \$152,542 and \$25,155, respectively. At June 30, 2017, approximately \$2,060,000 of water bonds and \$300,000 of sewer bonds outstanding from the refunding are considered defeased.

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

**SEWER ENTERPRISE FUND, DEBT SERVICE PAYMENTS**

Year	Principal	Interest	Total
2018.....	\$ 2,577,163	\$ 722,024	\$ 3,299,187
2019.....	2,659,037	579,041	3,238,078
2020.....	2,727,165	411,762	3,138,927
2021.....	2,770,535	332,111	3,102,646
2022.....	948,856	254,770	1,203,626
2023.....	972,434	208,525	1,180,959
2024.....	333,470	177,308	510,778
2025.....	313,900	162,341	476,241
2026.....	323,550	147,734	471,284
2027.....	328,500	132,843	461,343
2028.....	338,450	117,450	455,900
2029.....	348,050	102,597	450,647
2030.....	330,000	87,182	417,182
2031.....	335,000	71,431	406,431
2032.....	310,000	59,682	369,682
2033.....	315,000	50,101	365,101
2034.....	320,000	39,601	359,601
2035.....	325,000	28,635	353,635
2036.....	260,000	17,888	277,888
2037.....	270,000	9,114	279,114
Total.....	\$ 17,106,110	\$ 3,712,140	\$ 20,818,250

**WATER ENTERPRISE FUND, DEBT SERVICE PAYMENTS**

Year	Principal	Interest	Total
2018.....	\$ 1,065,000	\$ 506,018	\$ 1,571,018
2019.....	1,030,000	458,586	1,488,586
2020.....	1,031,125	411,007	1,442,132
2021.....	1,011,050	366,086	1,377,136
2022.....	966,000	318,020	1,284,020
2023.....	965,650	273,084	1,238,734
2024.....	884,450	228,162	1,112,612
2025.....	875,900	187,281	1,063,181
2026.....	847,400	146,798	994,198
2027.....	682,300	107,649	789,949
2028.....	427,200	76,758	503,958
2029.....	425,300	61,835	487,135
2030.....	235,000	46,852	281,852
2031.....	235,000	36,402	271,402
2032.....	170,000	26,752	196,752
2033.....	170,000	21,164	191,164
2034.....	170,000	14,712	184,712
2035.....	169,806	8,212	178,018
2036.....	35,000	2,362	37,362
2037.....	35,000	1,180	36,180
Total.....	\$ 11,431,181	\$ 3,298,920	\$ 14,730,101

**AIRPORT ENTERPRISE FUND, DEBT SERVICE PAYMENTS**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018.....\$	20,000	\$ 20,230	\$ 40,230
2019.....	20,000	19,400	39,400
2020.....	25,000	18,400	43,400
2021.....	25,000	17,150	42,150
2022.....	25,000	15,900	40,900
2023.....	25,000	14,650	39,650
2024.....	25,000	13,400	38,400
2025.....	30,000	12,150	42,150
2026.....	30,000	10,650	40,650
2027.....	30,000	9,150	39,150
2028.....	35,000	7,650	42,650
2029.....	35,000	5,900	40,900
2030.....	35,000	4,150	39,150
2031.....	40,000	2,400	42,400
2032.....	40,000	1,200	41,200
Total.....\$	<u>440,000</u>	<u>\$ 172,380</u>	<u>\$ 612,380</u>

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$2,568,314 and interest costs for \$885,831. Thus, net MCWT loan repayments, including interest, are scheduled to be \$7,307,328. The principal subsidies are guaranteed and therefore intergovernmental receivables and corresponding revenues were reported in the year the debt was issued. The remaining principal subsidies to be recognized at year end were \$3,144,991 and \$57,632 which are reported in the Sewer Enterprise and Water Enterprise Funds, respectively.

Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2017 principal subsidies recognized in the Sewer Enterprise and Water Enterprise Funds are \$591,060 and \$11,762, respectively. The 2017 interest subsidies are \$435,955 and \$7,731, respectively.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2017, the Town had the following authorized and unissued debt:

Purpose	Amount
Airport Hangar.....	\$ 10,000
Simes House Renovation - CPA.....	642,523
Stephen's Field Renovation.....	1,800,000
1820 Courthouse Reconstruction.....	2,500,000
Beach Nourishment.....	2,696,000
Town T-Wharf Project.....	100,000
Parking Deck.....	2,995,200
Rehab Plymouth Beach Revetment.....	815,000
Rehab Plymouth Beach Seawall.....	1,100,000
Library Roof/ Chillers/ Ducts/ Drains.....	842,077
Road Pavement Preservation Plan.....	5,000,000
School Street Retaining Wall.....	1,190,000
Newfield Street Bridge.....	3,400,000
Title V - 12 Septic System.....	200,000
2 Schools & Senior Center.....	14,706,637
Sewer System Expansion Samoset Street.....	841,565
Sewer Pipe Line & Point Repairs.....	500,000
Sewer Line Repair & Construction.....	48,200,000
Warren Ave Sewer Extension.....	90,000
Water Street Pump Station.....	6,000,000
Plan & Design Extension of Samoset Street.....	170,000
Water System Expansion Design.....	1,600,000
Taylor Ave Water Main.....	2,200,000
Water Meter Replacement Program.....	400,000
Wannos Pond Well & Pump Station.....	100,000
Total.....	\$ <u>98,099,002</u>



Changes in Long-Term Liabilities

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
<b>Governmental Activities:</b>					
Long-Term Bonds.....	\$ 110,412,274	\$ 77,065,125	\$ (16,924,901)	\$ 170,552,498	\$ 10,075,971
Add: unamortized premium.....	6,743,417	6,135,852	(790,552)	12,088,717	1,135,205
Total Long-Term Debt.....	117,155,691	83,200,977	(17,715,453)	182,641,215	11,211,176
Compensated Absences.....	1,702,000	320,200	(170,200)	1,852,000	185,200
Landfill Closure.....	650,000	-	(50,000)	600,000	50,000
Other Postemployment Benefits.....	155,321,768	39,281,364	(16,878,126)	177,725,006	-
Net Pension Liability.....	137,555,595	14,085,733	(11,005,676)	151,641,328	-
Total governmental activity long-term liabilities.....	<u>\$ 412,385,054</u>	<u>\$ 136,888,274</u>	<u>\$ (45,819,455)</u>	<u>\$ 514,459,549</u>	<u>\$ 11,446,376</u>
<b>Business-Type Activities:</b>					
Long-Term Bonds.....	\$ 22,756,207	\$ 11,664,875	\$ (5,443,791)	\$ 28,977,291	\$ 3,752,288
Add: unamortized premium.....	417,871	1,026,699	(57,301)	1,387,269	200,124
Total Long-Term Debt.....	23,174,078	12,691,574	(5,501,092)	30,364,560	3,952,412
Compensated Absences.....	112,000	28,200	(11,200)	129,000	12,900
Other Postemployment Benefits.....	3,688,265	848,603	(485,237)	4,051,631	-
Net Pension Liability.....	5,803,405	594,267	(464,324)	6,397,672	-
Total business-type activity long-term liabilities.....	<u>\$ 32,777,748</u>	<u>\$ 14,162,644</u>	<u>\$ (6,461,853)</u>	<u>\$ 40,942,863</u>	<u>\$ 3,965,312</u>

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

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

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

	GOVERNMENTAL FUNDS					
	General	Community Preservation	Town Building/Land Capital	Excluded Debt Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>						
Nonspendable:						
Permanent Fund Principal..... \$	-	\$ -	\$ -	\$ -	1,476,394	\$ 1,476,394
Restricted for:						
Community Preservation.....	-	50,776	-	-	-	50,776
Unamortized Premiums on Long-term Debt.....	1,871,855	-	-	-	-	1,871,855
Excluded Debt Projects.....	-	-	-	16,078,284	-	16,078,284
Town Capital projects.....	-	-	4,584,487	-	2,663,663	7,248,150
Town Federal Grants.....	-	-	-	-	53,551	53,551
Town Revolving.....	-	-	-	-	3,959,586	3,959,586
Town Gifts.....	-	-	-	-	889,817	889,817
Town Title V.....	-	-	-	-	859,999	859,999
Town Other.....	-	-	-	-	5,634,175	5,634,175
School lunch.....	-	-	-	-	378,490	378,490
School Federal Grants.....	-	-	-	-	6,452	6,452
School State Grants.....	-	-	-	-	2,274,386	2,274,386
School Revolving.....	-	-	-	-	2,390,998	2,390,998
Permanent Funds.....	-	-	-	-	678,608	678,608
Committed to:						
General Government.....	157,245	-	-	-	-	157,245
Public Safety.....	73,327	-	-	-	-	73,327
Education.....	1,008,321	-	-	-	-	1,008,321
Public Works.....	56,042	-	-	-	-	56,042
Human services.....	22,524	-	-	-	-	22,524
Culture and Recreation.....	1,085	-	-	-	-	1,085
Employee benefits.....	50,000	-	-	-	-	50,000
Assigned to:						
General Government.....	259,644	-	-	-	-	259,644
Public Safety.....	1,130,411	-	-	-	-	1,130,411
Education.....	114,983	-	-	-	-	114,983
Public Works.....	599,445	-	-	-	-	599,445
Free cash used for subsequent year budget.....	6,300,677	-	-	-	-	6,300,677
Unassigned.....	25,831,264	-	-	-	-	25,831,264
<b>TOTAL FUND BALANCES.....</b>	<b>\$ 37,476,823</b>	<b>\$ 50,776</b>	<b>\$ 4,584,487</b>	<b>\$ 16,078,284</b>	<b>\$ 21,266,119</b>	<b>\$ 79,456,489</b>

## NOTE 10 - STABILIZATION FUND

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of Town Meeting and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of Town Meeting.

At year end, the balance of the General Stabilization Fund is \$10,018,653 and is reported as unassigned fund balance within the General Fund. During 2017, the fund earned \$345,177 of investment income. The general stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

At year end, the balance of the Nuclear Plant Mitigation Stabilization Fund is \$4,889,880 and is reported as unassigned fund balance within the General Fund. During 2017, the Town transferred in \$1,000,000 and the fund earned \$125,039 of investment income. The nuclear plant mitigation stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

**NOTE 11 – RISK FINANCING**

The Town is self-insured for its health and dental insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

*(a) Health and Dental Insurance*

The estimate of Incurred But Not Reported (IBNR) claims is based on 7% of claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$175,000. At June 30, 2017, the amount of the liability for health and dental insurance claims totaled \$2,572,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2015, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
Year 2016.....	\$ 2,195,000	\$ 36,330,048	\$ (36,187,348)	\$ 2,337,700
Year 2017.....	2,337,700	39,753,814	(39,519,514)	2,572,000

**NOTE 12 - PENSION PLAN***Plan Descriptions*

The Town is a member of the Plymouth Contributory Retirement System (PCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

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

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS.

Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$18,988,378 is reported in the general fund as intergovernmental revenue and employee benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$186,148,607 as of the measurement date.

### *Benefits Provided*

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

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

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

At December 31, 2016, the System's membership consists of the following:

Active members.....	897
Inactive members.....	184
Retirees and beneficiaries currently receiving benefits.....	<u>710</u>
Total.....	<u><u>1,791</u></u>

### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll.

The total member units' contribution for the year ended December 31, 2016 was \$11,682,000, 26.83% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution was \$11,396,000; the Town also transferred an additional \$74,000 from federal grants.

### *Pension Liabilities*

The components of the net pension liability of the participating member units at December 31, 2016, were as follows:

Total pension liability.....	\$ 316,067,000
The pension plan's fiduciary net position.....	<u>(155,016,000)</u>
The net pension liability.....	<u>\$ 161,051,000</u>
The pension plan's fiduciary net position as a percentage of the total pension liability....	49.05%

At June 30, 2017, the Town reported a liability of \$158,039,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2016, the Town's proportion was 98.13%, which changed from 98.34% from its proportion measured at December 31, 2015.

### *Pension Expense*

For the year ended June 30, 2017, the Town recognized pension expense of \$20,647,000. At June 30, 2017, the Town reported deferred outflows of resources related to pensions of \$25,437,000. The Town is also reporting deferred inflows of resources related to pensions of \$220,000.

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

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..... \$	3,518,000	\$ -	\$ 3,518,000
Change of assumptions.....	15,283,000	-	15,283,000
Difference between projected and actual earnings.....	6,636,000	-	6,636,000
Changes in proportionate share of contributions.....	<u>-</u>	<u>(220,000)</u>	<u>(220,000)</u>
Total Deferred Outflows/(Inflows) of Resources.....\$	<u>25,437,000</u>	<u>\$ (220,000)</u>	<u>\$ 25,217,000</u>

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

Year ended June 30:

2017.....	7,489,000
2018..... \$	7,489,000
2019.....	6,665,000
2020.....	3,163,000
2021.....	<u>411,000</u>
Total..... \$	<u><u>25,217,000</u></u>

### *Actuarial Assumptions*

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

Valuation date.....	January 1, 2017
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Payments increase at 8.0% per year until fiscal year 2034 with a final amortization payment in fiscal year 2035.
Remaining amortization period.....	18 years from July 1, 2017.
Asset valuation method.....	Market value. For funding purposes, gains and losses each year are recognized over 5 years.
Inflation rate.....	Not explicitly assumed.
Projected salary increases.....	Select and ultimate by job group; ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Mortality rates.....	Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009. (gender distinct). Post-retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009. (gender distinct). For disabled members, the mortality rate is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2012. (gender distinct).
Investment rate of return/Discount rate.....	7.25%, net of pension plan investment expense, including inflation.

### *Investment Policy*

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation for a 7-10 year outlook as of December 31, 2016, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Core fixed income.....	1.75%	17.50%
High-yield fixed income.....	3.25%	6.50%
Domestic large cap.....	5.60%	24.00%
Domestic small cap.....	5.90%	9.00%
International developed markets equity.....	5.80%	20.00%
Emerging markets equity.....	6.85%	3.00%
Real estate.....	4.25%	10.00%
Hedge funds.....	3.60%	5.00%
Private equity.....	7.25%	5.00%
Total target allocation.....		<u>100.00%</u>

#### *Rate of Return*

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.25%, which changed from 7.50% in the previous valuation. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
The Town's proportionate share of the net pension liability.. \$	<u>192,478,000</u>	<u>\$ 158,039,000</u>	<u>\$ 128,864,000</u>
The System's total net pension liability..... \$	<u>196,146,000</u>	<u>\$ 161,051,000</u>	<u>\$ 131,320,000</u>

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* - The Town of Plymouth administers a single-employer defined benefit healthcare plan (Retiree Health Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Chapter 32b of the MGL assigns authority to establish and amend benefit provisions of the plan.

Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* - Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 1%, 10%, or 20% of the cost of benefits provided and the Town contributes the remaining premium costs and may contribute additional amounts to pre-fund benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For 2017, contributions to the plan totaled approximately \$17,363,363. For the year ended June 30, 2017, the City's average contribution rate was 18.79% of covered payroll

*Rate of Return* – The annual money-weighted rate of return on OPEB plan investments was 7.11%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan's membership at June 30, 2017:

Active participants.....	1,591
Retired participants.....	<u>1,251</u>
Total participants.....	<u>2,842</u>

*Components of OPEB Liability* – The following table represents the components of the other postemployment benefits liability as of June 30, 2017:

Total OPEB liability.....	\$ 603,916,678
Less: OPEB plan's fiduciary net position.....	<u>(2,649,474)</u>
Net OPEB liability.....	<u>\$ 601,267,204</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.44%



*Significant Actuarial Methods Assumptions* – The following actuarial methods and assumptions were used to determine the total other postemployment benefit liability in the July 1, 2016, actuarial valuation, applied to all periods included in the measurement date that was updated to June 30, 2017 to be in compliance with GASB Statement #74:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Entry Age Normal
Asset valuation method.....	Market Value
Amortization method.....	Increasing at 3.5% over 30 years
Remaining amortization period.....	30 years open
Inflation rate.....	2.25%
Discount rate.....	3.58% per year
Investment rate of return.....	6.25%, net of investment expenses, including inflation
Healthcare cost trend rates.....	8.00% for 2016, decreasing 1.00% per year to an ultimate rate of 5.00% for 2022 and later years.

Mortality tables:

Pre-retirement (General and Public Safety).....	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.
Post-retirement (General and Public Safety).....	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB.
Pre-retirement (Teachers).....	RP-2014 Employees Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.
Post-retirement (Teachers).....	RP-2014 Healthy Annuitant Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.

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

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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Long-term Expected Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities.....	40%	5.50%
International equities.....	20%	5.50%
Fixed income.....	40%	1.65%
Total.....	100%	

*Discount Rate* – The Town's Net Other Postemployment Benefits liability was determined based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2017 as reported by the Bond Buyer's 20 bond index.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following table presents the net OPEB liability calculated using the discount rate of 3.58%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current rate.

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB Liability..... \$	723,950,708	\$ 601,267,204	\$ 506,514,210

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate* – The following table presents the net OPEB liability calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Net OPEB Liability..... \$	494,429,039	\$ 601,267,204	\$ 743,435,313

**Annual OPEB Costs and Net OPEB Obligation**—The Town's annual other postemployment benefit (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligations are summarized in the following table:

Annual Required Contribution.....	\$ 39,477,033
Interest on existing net OPEB obligation.....	6,360,401
Adjustments to Annual Required Contribution.....	<u>(5,707,467)</u>
Annual OPEB cost (expense).....	40,129,967
Contributions made.....	<u>(17,363,363)</u>
Increase in net OPEB obligation.....	22,766,604
Net OPEB obligation - beginning of year.....	<u>159,010,033</u>
Net OPEB obligation - end of year.....	<u>\$ 181,776,637</u>

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 40,129,967	43.3%	\$ 181,776,637
6/30/2016	39,983,947	38.4%	159,010,033
6/30/2015	37,851,469	41.6%	134,392,246

**Funded Status and Funding Progress** – As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits totaled \$527.4 million, of which \$1.8 million was funded, resulting in a funded ratio of 0.33%. The annual covered payroll was approximately \$92.4 million and the ratio of UAAL to covered payroll was 568.87%.

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

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

In the July 1, 2016 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 4.1 percent investment rate of return, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 8 percent initially, reduced by 0.5 percent increments to an ultimate rate of 5 percent. The UAAL is being amortized over a 30-year period, using the level percentage of projected payroll method, on an open basis, with amortization payments increasing at 3.5 percent per year. The remaining amortization period at July 1, 2016 is 30 years.

#### **NOTE 14 - LANDFILL CLOSURE COSTS**

State and federal laws and regulations require that the Town must construct a final capping system on all of its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites after closure.

The Manomet and Cedarville landfill sites have been closed and capped since 1998 and 1995, respectively. Annual monitoring is performed at these sites and the estimated future liability for post-closure care is \$600,000.

The South Street landfill site was closed and capped in 1973. As a result of landfill gas migration, it has been determined that the Town will need to perform additional capping and ventilation projects. This is currently in the planning stage and therefore no liability has been recorded in the current year.

#### **NOTE 15 – COMMITMENTS**

During 2016, the Town entered into a new long-term contract with South Eastern Massachusetts Partnership (SEMASS) to provide solid waste disposal services through 2021, with additional one-year extension options up to an additional five years. Total charges are based on a formula of tipping and transport fees with costs rising 2.5% annually. Actual expenditures under this contract for 2017 were approximately \$424,000.

The Town has entered into, or is planning to enter into, contracts totaling approximately \$98.1 million for road pavement preservation, Newfield Street Bridge, Plymouth South High School, for various beach improvements, for school HVAC repairs, for 1820 courthouse reconstruction, and for sewer line repair and construction.

In December of 2015, the Town of Plymouth experienced multiple sewer main breaks and has entered into contracts totaling approximately \$48.2 million to repair and replace the affected sewer infrastructure. The Town was approved permanent funding by the Massachusetts Clean Water Trust (MCWT) in the amount of \$48,200,000 in August of 2016. Through June 30, 2017, the Town has spent \$37.5 million related to this project. The project has an estimated completion date of 2018.

#### **NOTE 16 - CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2017, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

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

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 27, 2018, which is the date the financial statements were available to be issued.

**NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2017, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

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## ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

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



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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 145,038,220	\$ 145,038,220	\$ 156,097,469	\$ 155,928,927	\$ -	\$ (168,542)
Tax liens.....	-	-	-	152,070	1,559,140	-	1,407,070
Motor vehicle and other excise taxes.....	-	9,220,000	9,220,000	8,434,907	9,008,098	-	573,191
Penalties and interest on taxes.....	-	825,000	825,000	825,000	909,458	-	84,458
Payments in lieu of taxes.....	-	65,000	65,000	65,000	74,724	-	9,724
Intergovernmental.....	-	40,722,374	40,722,374	33,117,770	34,178,859	-	1,061,089
Departmental and other.....	-	6,513,730	6,513,730	5,798,828	6,859,783	-	1,060,955
Investment income.....	-	310,000	310,000	310,000	396,302	-	86,302
TOTAL REVENUES.....	-	202,694,324	202,694,324	204,801,044	208,915,291	-	4,114,247
<b>EXPENDITURES:</b>							
Current:							
General government.....	1,486,333	9,833,545	11,319,878	10,126,408	8,571,571	416,890	1,137,947
Public safety.....	821,853	24,155,505	24,977,358	26,600,066	24,180,241	1,203,739	1,216,086
Education.....	564,597	98,668,454	99,233,051	99,105,964	97,716,257	1,123,303	266,404
Public works.....	2,651,230	9,531,462	12,182,692	12,620,509	9,301,705	655,487	2,663,317
Human services.....	7,708	1,641,557	1,649,265	1,513,908	1,434,519	22,523	56,866
Culture and recreation.....	154,244	2,861,443	3,015,687	3,041,886	2,831,365	1,085	209,436
Pension benefits.....	-	11,397,079	11,397,078	11,397,079	11,396,079	-	1,000
Employee benefits.....	104,150	38,518,263	38,622,414	39,325,621	38,531,121	50,000	744,500
State and county charges.....	-	1,044,563	1,044,563	1,044,563	1,082,997	-	(38,434)
Debt service:							
Principal.....	-	8,136,990	8,136,990	8,152,990	8,103,168	-	49,822
Interest.....	-	5,622,741	5,622,741	5,427,941	5,394,707	-	33,234
TOTAL EXPENDITURES.....	5,790,115	211,411,602	217,201,717	218,356,935	208,543,730	3,473,027	6,340,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,790,115)	(8,717,278)	(14,507,393)	(13,555,891)	371,561	(3,473,027)	10,454,425
<b>OTHER FINANCING SOURCES (USES):</b>							
Premium from issuance of bonds.....	-	-	-	-	-	-	-
Transfers in.....	-	3,512,109	3,512,109	3,979,841	4,040,737	-	60,896
Transfers out.....	-	(900,000)	(900,000)	(2,229,647)	(2,272,514)	-	(42,867)
TOTAL OTHER FINANCING SOURCES (USES).....	-	2,612,109	2,612,109	1,750,194	1,768,223	-	18,029
NET CHANGE IN FUND BALANCE.....	(5,790,115)	(6,105,169)	(11,895,284)	(11,805,697)	2,139,784	(3,473,027)	10,472,454
BUDGETARY FUND BALANCE, Beginning of year.....	-	20,550,507	20,550,507	20,550,507	20,550,507	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (5,790,115)	\$ 14,445,338	\$ 8,655,223	\$ 8,744,810	\$ 22,690,291	\$ (3,473,027)	\$ 10,472,454

See notes to required supplementary information.

# ***Pension Plan Schedules – Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

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

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

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

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
PLYMOUTH CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2016	December 31, 2015	December 31, 2014
<b>Total pension liability:</b>			
Service cost.....	\$ 6,755,000	\$ 6,464,000	\$ 5,646,000
Interest.....	21,717,000	19,941,000	19,782,000
Changes in benefit terms.....	-	-	-
Differences between expected and actual experience.....	5,200,000	(987,000)	-
Changes in assumptions.....	8,100,000	14,600,000	-
Benefit payments, including refunds of employee contributions.....	(17,031,000)	(16,221,000)	(15,003,000)
Net change in total pension liability.....	24,741,000	23,797,000	10,425,000
Total pension liability, beginning.....	291,326,000	267,529,000	257,104,000
Total pension liability, ending (a).....	\$ 316,067,000	\$ 291,326,000	\$ 267,529,000
<b>Plan fiduciary net position:</b>			
Member contributions.....	\$ 4,138,000	3,891,000	3,718,000
Employer contributions.....	11,682,000	10,748,000	9,996,000
Intergovernmental - COLA.....	228,000	80,000	205,000
Other additions.....	178,200	261,000	102,000
Transfers from other systems.....	560,000	187,000	103,000
Retirement benefits - 3(8)c contributions from other systems.....	378,000	316,000	320,000
Net investment income (loss).....	10,612,000	2,670,000	6,973,000
Benefit payments, including refunds of employee contributions.....	(17,031,000)	(16,221,000)	(15,003,000)
Administrative expenses.....	(516,000)	(484,000)	(536,000)
Transfers to other systems.....	(153,000)	(347,000)	(522,000)
Other decreases.....	(173,200)	-	(190,000)
Retirement benefits - 3(8)c contributions to systems.....	(434,000)	(465,000)	(335,000)
Net increase (decrease) in fiduciary net position.....	9,469,000	636,000	4,831,000
Fiduciary net position at beginning of year.....	145,547,000	144,911,000	140,080,000
Fiduciary net position at end of year (b).....	\$ 155,016,000	\$ 145,547,000	\$ 144,911,000
<b>Net pension liability - ending (a) - (b).....</b>	<b>\$ 161,051,000</b>	<b>\$ 145,779,000</b>	<b>\$ 122,618,000</b>
Plan fiduciary net position as a percentage of the total pension liability.....	49.05%	49.96%	54.17%
Covered-employee payroll.....	\$ 43,541,000	\$ 39,498,000	\$ 35,741,000
Net pension liability as a percentage of covered-employee payroll.....	369.88%	369.08%	343.07%

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**PLYMOUTH CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2016	December 31, 2015	December 31, 2014
Actuarially determined contribution.....	\$ 11,608,000	\$ 10,748,000	\$ 9,952,000
Contributions in relation to the actuarially determined contribution.....	<u>11,682,000</u>	<u>10,748,000</u>	<u>9,996,000</u>
Contribution deficiency (excess).....	<u>\$ (74,000)</u>	<u>\$ -</u>	<u>\$ (44,000)</u>
Covered-employee payroll.....	\$ 43,541,000	\$ 39,498,000	\$ 35,741,000
Contributions as a percentage of covered- employee payroll.....	26.83%	27.21%	27.97%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURN**  
**PLYMOUTH CONTRIBUTORY RETIREMENT SYSTEM**

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	December 31, 2016	December 31, 2015	December 31, 2014
Annual money-weighted rate of return, net of investment expense.....	7.46%	2.01%	5.23%

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

See notes to required supplementary information.

# ***Pension Plan Schedules - Town***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

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

The Schedule of Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

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

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

	December 31, 2016	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability.....	98.1%	98.3%	98.3%
Town's proportionate share of the net pension liability..... \$	158,039,000	\$ 143,359,000	\$ 120,570,000
Town's covered employee payroll..... \$	42,726,783	\$ 38,842,333	\$ 35,144,125
Net pension liability as a percentage of covered-employee payroll.....	369.88%	369.08%	343.07%
Plan fiduciary net position as a percentage of the total pension liability.....	49.05%	49.96%	54.17%

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

See notes to required supplementary information.

**SCHEDULE OF TOWN'S CONTRIBUTIONS**  
**PLYMOUTH CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2016	December 31, 2015	December 31, 2014
Actuarially determined contribution.....	\$ 11,396,000	\$ 10,574,000	\$ 9,790,000
Contributions in relation to the actuarially determined contribution.....	<u>11,470,000</u>	<u>10,574,000</u>	<u>9,834,000</u>
Contribution deficiency (excess).....	<u>\$ (74,000)</u>	<u>\$ -</u>	<u>\$ (44,000)</u>
Covered-employee payroll.....	\$ 42,726,783	\$ 38,842,333	\$ 35,144,125
Contributions as a percentage of covered- employee payroll.....	26.84%	27.22%	27.98%

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

See notes to required supplementary information.



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

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

Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2015.....	\$ 131,739,010	\$ 9,152,541	61.64%
2016.....	170,950,020	13,865,568	55.38%
2017.....	186,148,607	18,988,378	52.73%

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

See notes to required supplementary information.

# ***Other Postemployment Benefits Plan Schedules***

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

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

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

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

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

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

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

	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>	
Service Cost.....	\$ 27,863,367
Interest.....	19,356,363
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	(86,284,600)
Benefit payments.....	<u>(16,651,413)</u>
Net change in total OPEB liability.....	(55,716,283)
Total OPEB liability- beginning.....	<u>659,632,961</u>
Total OPEB liability- ending (a).....	<u><u>\$ 603,916,678</u></u>
<b>Plan fiduciary net position</b>	
Contributions- employer .....	\$ 17,363,363
Net investment income.....	186,954
Benefit payments.....	<u>(16,651,413)</u>
Net change in plan fiduciary net position.....	898,904
Plan fiduciary net position- beginning.....	<u>1,750,570</u>
Plan fiduciary net position- ending (b).....	<u><u>\$ 2,649,474</u></u>
<b>Town's net OPEB liability- ending (a)-(b).....</b>	<u><u>\$ 601,267,204</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.44%
Covered-employee payroll.....	92,397,157
Town's net OPEB liability as a percentage of covered-employee payroll.....	650.74%

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

See notes to required supplementary information.

**SCHEDULE OF TOWN CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	<u>June 30, 2017</u>
Actuarially determined contribution.....	\$ 39,477,033
Contributions in relation to the actuarially determined contribution.....	<u>(17,363,363)</u>
Contribution deficiency (excess).....	<u>\$ 22,113,670</u>
Covered-employee payroll.....	\$ 92,397,157
Contributions as a percentage of covered- employee payroll.....	18.79%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	7.11%
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The annual money-weighted rate of return has been calculated by the Pension Reserves Investment Management Board (PRIM).

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

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2016	\$ 1,765,633	\$ 527,383,795	\$ 525,618,162	0.33%	\$ 92,397,157	568.87%
1/1/2015	983,867	567,828,203	566,844,336	0.17%	83,263,782	680.78%
1/1/2013	612,214	492,791,598	492,179,384	0.12%	79,752,376	617.13%
1/1/2011	-	390,817,000	390,817,000	0.00%	79,643,000	490.71%
1/1/2009	-	379,285,000	379,285,000	0.00%	90,445,000	419.35%
7/1/2006	-	264,991,414	264,991,414	0.00%	82,016,000	323.10%

**Schedule of Employer Contributions**

Year	Annual Required Contribution	Actual Contributions Made	Total Percentage Contributed
2017	\$ 39,477,033	\$ 17,363,363	44.0%
2016	39,432,695	15,366,160	39.0%
2015	37,391,228	15,542,476	41.6%
2014	35,863,702	14,791,929	41.2%
2013	32,520,726	14,564,482	44.8%
2012	30,575,940	13,412,727	43.9%
2011	33,097,546	15,475,318	46.8%
2010	31,157,981	14,146,885	45.4%
2009	21,182,308	11,974,550	56.5%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Entry Age Normal
Amortization method.....	Amortization payments increasing at 3.50%
Remaining amortization period.....	30 years as of July 1, 2016, open

Actuarial Assumptions:

Investment rate of return.....	4.1%, net of OPEB plan investment expense, including inflation
Projected salary increases.....	2.25%
Medical/drug cost trend rate.....	8.0% decreasing by 0.5% each year to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	1,251
Current active members.....	<u>1,591</u>
Total.....	<u><u>2,842</u></u>

See notes to required supplementary information.

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

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

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

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

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by two-thirds majority vote of the Town meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2017 approved budget authorized approximately \$218.1 million of appropriations and other amounts to be raised. During 2017, the Town meeting also approved appropriation increases totaling approximately \$2.5 million.

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

**B. Budgetary - GAAP Reconciliation**

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



Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ 2,139,784
<u>Perspective difference:</u>	
Stabilization Fund recorded in the General Fund for GAAP.....	1,470,215
<u>Basis of accounting differences:</u>	
Additional liabilities.....	(32,000)
Net change in recording tax refunds payable.....	150,000
Recognition of revenue for on-behalf payments.....	18,988,378
Recognition of expenditures for on-behalf payments.....	<u>(18,988,378)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	\$ <u>3,727,999</u>

### C. Appropriation Deficits

Expenditures exceeded budgeted appropriations for state and county expenditures. The appropriation deficits will be funded in 2018 through available funds and tax levy.

## **NOTE B – PENSION PLAN**

### ***Pension Plan Schedules – Retirement System***

#### A. Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

#### B. Schedule of Contributions

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

#### C. Schedule of Investment Return

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

***Pension Plan Schedules - Town*****A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

**B. Schedule of Town's Contributions**

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

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

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

**D. Changes in Assumptions**

The most recent actuarial valuation as of January 1, 2017, included a change of assumptions from the prior actuarial valuation of January 1, 2015. This change related to a decrease in the assumed discount rate from 7.50% down to 7.25%.

**E. Changes in Plan Provisions**

None

**NOTE C - OTHER POSTEMPLOYMENT BENEFITS**

The Town of Plymouth administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers.

**The Other Postemployment Benefit Plan**Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Schedule of Investment Return

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

**The Town**

The Town currently finances its other postemployment benefits (OPEB) on a hybrid of pay-as-you-go and setting aside monies in an OPEB Trust. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is .33%. In accordance with *Governmental Accounting Standards*, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town's actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

Schedule of Actuarial Methods and Assumptions

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

Changes of Assumptions

The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal to comply with the requirements set forth in GASB 74. The discount rate changed from 2.85% to 3.58% as of June 30, 2017. All other assumptions were the same as those used in the previous measurement.

Change of Benefit Terms

None