

**TOWN OF ACUSHNET, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2017**

**Town of Acushnet, Massachusetts**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Acushnet, Massachusetts

**Additional Offices:**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Acushnet, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Acushnet, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Emphasis of Matter*

As discussed in Note 18 to the financial statements, the Town did not obtain a new actuarial valuation to calculate its net OPEB obligation on the government-wide financial statements as required under Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules appearing on pages 54 to 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

*Melanson Heath*

February 7, 2018

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

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

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

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

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

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

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

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of

spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for golf and sewer operations, which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

## B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$40,365,832 (i.e., net position), a change of \$(248,748) in comparison to the prior year.
- As of the close of the current fiscal year, governmental activities reported unrestricted net position of \$11,970,266, a change of \$350,776, in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,406,333, a change of \$(121,497) in comparison to the prior year.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 16,002	\$ 15,801	\$ 2,838	\$ 2,692	\$ 18,840	\$ 18,493
Capital assets	<u>40,070</u>	<u>40,094</u>	<u>11,432</u>	<u>11,945</u>	<u>51,502</u>	<u>52,039</u>
Total assets	56,072	55,895	14,270	14,637	70,342	70,532
Deferred outflows	1,812	2,141	-	-	1,812	2,141
Current liabilities	3,053	2,197	837	889	3,890	3,086
Noncurrent liabilities	<u>22,741</u>	<u>23,171</u>	<u>4,888</u>	<u>5,447</u>	<u>27,629</u>	<u>28,618</u>
Total liabilities	25,794	25,368	5,725	6,336	31,519	31,704
Deferred inflows	270	354	-	-	270	354
Net position:						
Net investment in capital assets	30,828	30,773	4,724	4,428	35,552	35,201
Restricted	1,615	1,663	-	3,873	1,615	5,536
Unrestricted	<u>(623)</u>	<u>(122)</u>	<u>3,821</u>	<u>-</u>	<u>3,198</u>	<u>(122)</u>
Total net position	<u>\$ 31,820</u>	<u>\$ 32,314</u>	<u>\$ 8,545</u>	<u>\$ 8,301</u>	<u>\$ 40,365</u>	<u>\$ 40,615</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$40,365,832, a change of \$(248,748) from the prior year.

The largest portion of net position \$35,552,067 reflects our investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, vehicles, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$1,615,678 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,198,087 may be used to meet the government's ongoing obligations to citizens and creditors.

<u>CHANGES IN NET POSITION</u>						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,365	\$ 2,958	\$ 1,810	\$ 1,880	\$ 4,175	\$ 4,838
Operating grants and contributions	9,867	8,837	-	14	9,867	8,851
Capital grants and contributions	73	352	118	97	191	449
General revenues:						
Property taxes	16,518	15,784	-	-	16,518	15,784
Excises	1,419	1,290	-	-	1,419	1,290
Penalties, interest, and other taxes	101	-	-	-	101	-
Grants and contributions not restricted to specific programs	1,458	1,398	-	-	1,458	1,398
Investment income	55	135	8	-	63	135
Miscellaneous	100	323	-	-	100	323
Total revenues	<u>31,956</u>	<u>31,077</u>	<u>1,936</u>	<u>1,991</u>	<u>33,892</u>	<u>33,068</u>
Expenses:						
General government	2,546	2,143	-	-	2,546	2,143
Public safety	5,860	4,347	-	-	5,860	4,347
Education	18,971	19,562	-	-	18,971	19,562
Public works	3,233	2,950	-	-	3,233	2,950
Human services	775	735	-	-	775	735
Culture and recreation	564	535	-	-	564	535
Interest on long-term debt	298	321	-	-	298	321
Intergovernmental	203	-	-	-	203	-
Golf	-	-	1,007	1,000	1,007	1,000
Sewer	-	-	685	722	685	722
Total expenses	<u>32,450</u>	<u>30,593</u>	<u>1,692</u>	<u>1,722</u>	<u>34,142</u>	<u>32,315</u>
Change in net position before transfers	(494)	484	244	269	(250)	753
Transfers in (out)	-	56	-	(56)	-	-
Change in net position	(494)	540	244	213	(250)	753
Net position - beginning of year as reclassified	<u>32,314</u>	<u>31,774</u>	<u>8,301</u>	<u>8,088</u>	<u>40,615</u>	<u>39,862</u>
Net position - end of year	<u>\$ 31,820</u>	<u>\$ 32,314</u>	<u>\$ 8,545</u>	<u>\$ 8,301</u>	<u>\$ 40,365</u>	<u>\$ 40,615</u>



**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$(493,622). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 282,487
Major water fund change in fund balance	225,828
Nonmajor funds change in fund balance (accrual basis)	652,551
Principal debt service in excess of depreciation expense	(1,384,169)
Change in long-term liabilities	(310,452)
Other	<u>40,133</u>
Total	<u>\$ (493,622)</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net position of \$244,874. Key elements of this change are as follows:

Golf operations	\$ 284,949
Sewer operations	<u>(40,075)</u>
Total	<u>\$ 244,874</u>

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

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$11,970,266, a change of \$350,776 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 282,487
Major fund operating results	225,828
Nonmajor funds operating results	<u>(157,539)</u>
Total	<u>\$ 350,776</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,406,333, while total fund balance was \$6,758,779. As a measure of the general fund's liquidity, it may be useful

to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance <sup>(1)</sup>	\$ 4,406,333	\$ 4,527,830	\$ (121,497)	15.6%
Total fund balance	\$ 6,758,779	\$ 6,476,292	\$ 282,487	23.9%

<sup>(1)</sup> Includes \$1,769,178 in general stabilization

The total fund balance of the general fund changed by \$282,487 during the current fiscal year. Key factors in this change are as follows:

Use of free cash, overlay surplus, and other reserves as a funding source	\$ (1,818,935)
Revenues in excess of budget	694,490
Expenditures less than budget	1,029,709
Expenditures of prior year encumbrances	123,251
Change in stabilization	5,305
Other	248,667
Total	<u>\$ 282,487</u>

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$3,821,032, a change of \$(51,313) in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

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

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$711,417. Major reasons for this change include:

\$ 5,000	appropriated to fund an increase in salary line items; funded by an increase in taxation.
7,000	appropriated to fund a repair to the roof of the Town Hall; funded by an increase in taxation.
350,000	appropriated for a comprehensive wastewater management plan; funded by free cash.
162	appropriated for an unpaid Veteran's Office bill; funded by free cash.
1,370	appropriated for unpaid Building Department bills; funded by free cash.

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2,500	appropriated for the refurbishment of a Police SUV; funded by free cash.
4,000	appropriated for temporary help in the Council on Aging department; funded by free cash.
68,085	appropriated for the purchase of two police vehicles; funded by free cash and a transfer from the capital expenditure fund.
25,000	appropriated for wage and classification plan; funded by free cash.
10,000	appropriated for purchase of new patient care reporting hardware and software system; funded by a transfer from the ambulance reserve fund.
3,300	appropriated for rent of firefighter turnout gear; funded by free cash.
20,000	appropriated for holding a large item pickup for Town residents; funded by free cash.
40,000	appropriated for the purchase of a truck for the Highway Department; funded by free cash.
<u>175,000</u>	appropriated for snow and ice deficit balance; funded by free cash.
<u>\$ 711,417</u>	Total supplemental appropriations

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$49,983,355 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles.

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

- Various improvements to roads of \$739,460
- New ambulance for \$265,000
- LED lighting improvement for \$123,979
- Various vehicle purchases for \$251,473
- Depreciation expense of \$(2,130,184)

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

**Credit rating.** During the fiscal year, the Town's Standard & Poor's credit rating remained unchanged at AA.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$14,552,156, all of which was backed by the full faith and credit of the government.

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

### **REQUESTS FOR INFORMATION**

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

Finance Department  
122 Main Street  
Acushnet, Massachusetts 02743

## TOWN OF ACUSHNET, MASSACHUSETTS

## STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 11,003,021	\$ 2,355,841	\$ 13,358,862
Investments	3,456,805	-	3,456,805
Receivables, net of allowance for uncollectibles:			
Property taxes	747,966	-	747,966
Excises	86,923	-	86,923
User fees	448,758	141,995	590,753
Intergovernmental	224,305	-	224,305
Betterments	33,902	340,777	374,679
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	245,273	-	245,273
Betterments	13,857	1,259,475	1,273,332
Land and construction in progress	1,689,257	5,271,873	6,961,130
Other capital assets, net of accumulated depreciation	38,121,974	4,900,251	43,022,225
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	<u>1,812,137</u>	<u>-</u>	<u>1,812,137</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>57,884,178</b>	<b>14,270,212</b>	<b>72,154,390</b>
<b>LIABILITIES</b>			
Current:			
Warrants and accounts payable	1,678,687	95,547	1,774,234
Accrued liabilities	776,149	73,259	849,408
Unearned revenue	-	64,058	64,058
Other liabilities	178,782	44,193	222,975
Current portion of long-term liabilities:			
Bonds payable	401,744	521,928	923,672
Other	16,872	37,786	54,658
Noncurrent:			
Bonds payable, net of current portion	8,740,493	4,887,991	13,628,484
Net pension liability	10,301,662	-	10,301,662
Net OPEB obligation	3,378,496	-	3,378,496
Other, net of current portion	320,559	-	320,559
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	<u>270,352</u>	<u>-</u>	<u>270,352</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>26,063,796</b>	<b>5,724,762</b>	<b>31,788,558</b>
<b>NET POSITION</b>			
Net investment in capital assets	30,827,649	4,724,418	35,552,067
Restricted for:			
Grants and other statutory restrictions	1,070,297	-	1,070,297
Permanent funds:			
Nonexpendable	203,544	-	203,544
Expendable	341,837	-	341,837
Unrestricted	<u>(622,945)</u>	<u>3,821,032</u>	<u>3,198,087</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>31,820,382</u></b>	<b>\$ <u>8,545,450</u></b>	<b>\$ <u>40,365,832</u></b>

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

TOWN OF ACUSHNET, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-	
		Services	Grants and	Grants and	Activities	Type	
			Contributions	Contributions		Activities	Total
		Expenses					
<b>Governmental Activities:</b>							
General government	\$ 2,545,730	\$ 98,353	\$ 337,086	\$ -	\$ (2,110,291)	\$ -	\$ (2,110,291)
Public safety	5,860,285	382,316	66,101	-	(5,411,868)	-	(5,411,868)
Education	18,971,281	250,199	9,239,624	-	(9,481,458)	-	(9,481,458)
Public works	3,232,730	1,551,064	-	73,493	(1,608,173)	-	(1,608,173)
Health and human services	775,420	79,198	186,165	-	(510,057)	-	(510,057)
Culture and recreation	563,669	4,154	38,222	-	(521,293)	-	(521,293)
Interest	297,534	-	-	-	(297,534)	-	(297,534)
Intergovernmental	203,124	-	-	-	(203,124)	-	(203,124)
Total Governmental Activities	32,449,773	2,365,284	9,867,198	73,493	(20,143,798)	-	(20,143,798)
<b>Business-Type Activities:</b>							
Golf services	1,006,981	1,291,157	-	-	-	284,176	284,176
Sewer services	684,365	519,144	-	118,010	-	(47,211)	(47,211)
Total Business-Type Activities	1,691,346	1,810,301	-	118,010	-	236,965	236,965
Total	\$ 34,141,119	\$ 4,175,585	\$ 9,867,198	\$ 191,503	(20,143,798)	236,965	(19,906,833)
<b>General Revenues and Contributions:</b>							
Property taxes					16,517,741	-	16,517,741
Excises					1,418,507	-	1,418,507
Penalties, interest and other taxes					101,037	-	101,037
Grants and contributions not restricted to specific programs					1,457,868	-	1,457,868
Investment income					54,591	7,909	62,500
Permanent fund contributions					402	-	402
Miscellaneous					100,030	-	100,030
Total general revenues					19,650,176	7,909	19,658,085
Change in Net Position					(493,622)	244,874	(248,748)
<b>Net Position:</b>							
Beginning of year, as reclassified					32,314,004	8,300,576	40,614,580
End of year					\$ 31,820,382	\$ 8,545,450	\$ 40,365,832

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

## TOWN OF ACUSHNET, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2017

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 6,030,712	\$ 1,257,765	\$ 3,714,544	\$ 11,003,021
Investments	2,924,401	-	532,404	3,456,805
Receivables:				
Property taxes	1,074,435	-	11,885	1,086,320
Excises	166,070	-	-	166,070
User fees	-	337,773	145,073	482,846
Intergovernmental	200,400	-	23,905	224,305
Departmental and other	-	-	47,759	47,759
<b>TOTAL ASSETS</b>	<b>\$ 10,396,018</b>	<b>\$ 1,595,538</b>	<b>\$ 4,475,570</b>	<b>\$ 16,467,126</b>
<b>LIABILITIES</b>				
Warrants and accounts payable	\$ 1,407,068	\$ 184,674	\$ 86,946	\$ 1,678,688
Accrued liabilities	643,714	2,794	19,800	666,308
Other liabilities	178,691	-	90	178,781
<b>TOTAL LIABILITIES</b>	<b>2,229,473</b>	<b>187,468</b>	<b>106,836</b>	<b>2,523,777</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	1,407,766	337,773	227,544	1,973,083
<b>FUND BALANCES</b>				
Nonspendable	-	-	203,544	203,544
Restricted	-	1,070,297	3,969,176	5,039,473
Committed	622,203	-	-	622,203
Assigned	1,730,243	-	-	1,730,243
Unassigned	4,406,333	-	(31,530)	4,374,803
<b>TOTAL FUND BALANCES</b>	<b>6,758,779</b>	<b>1,070,297</b>	<b>4,141,190</b>	<b>11,970,266</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,396,018</b>	<b>\$ 1,595,538</b>	<b>\$ 4,475,570</b>	<b>\$ 16,467,126</b>

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

TOWN OF ACUSHNET, MASSACHUSETTS

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

JUNE 30, 2017

<b>Total governmental fund balances</b>	\$ 11,970,266
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,811,231
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,766,767
• Long-term liabilities, including bonds payable, net pension liability, net OPEB obligation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(23,159,826)
• Other	<u>1,431,944</u>
<b>Net position of governmental activities</b>	<u><u>\$ 31,820,382</u></u>

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



## TOWN OF ACUSHNET, MASSACHUSETTS

## GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 16,243,275	\$ -	\$ -	\$ 16,243,275
Excises	1,396,364	-	-	1,396,364
Penalties, interest and other taxes	140,568	-	182,055	322,623
Charges for services	120,526	1,590,131	835,328	2,545,985
Licenses and permits	173,829	-	-	173,829
Intergovernmental	10,179,290	-	1,233,735	11,413,025
Fines and forfeitures	10,004	-	-	10,004
Contributions	-	-	35,407	35,407
Investment income	28,299	-	25,541	53,840
Miscellaneous	-	-	217,786	217,786
Total Revenues	28,292,155	1,590,131	2,529,852	32,412,138
<b>Expenditures:</b>				
Current:				
General government	1,297,360	-	429,002	1,726,362
Public safety	3,601,619	-	141,900	3,743,519
Education	17,325,044	-	1,108,960	18,434,004
Public works	1,619,463	1,157,312	546,419	3,323,194
Health and human services	500,142	-	71,353	571,495
Culture and recreation	288,369	-	41,892	330,261
Insurance and benefits	2,943,560	-	-	2,943,560
Debt service	504,078	206,991	36,622	747,691
Intergovernmental	198,534	-	-	198,534
Capital outlay	42,742	-	-	42,742
Total Expenditures	28,320,911	1,364,303	2,376,148	32,061,362
Excess (deficiency) of revenues over expenditures	(28,756)	225,828	153,704	350,776
<b>Other Financing Sources (Uses):</b>				
Transfers in	346,096	-	34,853	380,949
Transfers out	(34,853)	-	(346,096)	(380,949)
Total Other Financing Sources (Uses)	311,243	-	(311,243)	-
Change in fund balance	282,487	225,828	(157,539)	350,776
Fund Balance, at Beginning of Year, as reclassified	6,476,292	844,469	4,298,729	11,619,490
Fund Balance, at End of Year	\$ 6,758,779	\$ 1,070,297	\$ 4,141,190	\$ 11,970,266

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

TOWN OF ACUSHNET, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2017

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 350,776</b>																		
<ul style="list-style-type: none"> <li>However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:           <table> <tr> <td>Capital outlay purchases</td><td>1,546,515</td></tr> <tr> <td>Loss on disposition of assets</td><td>(11,390)</td></tr> <tr> <td>Depreciation</td><td>(1,818,270)</td></tr> </table> </li> <li>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:           <table> <tr> <td>Repayments of debt</td><td>434,101</td></tr> <tr> <td>Change in net pension liability</td><td>79,700</td></tr> <tr> <td>Change in net OPEB obligation</td><td>(378,101)</td></tr> <tr> <td>Other</td><td>(12,051)</td></tr> </table> </li> <li>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.           <table> <tr> <td></td><td>(455,987)</td></tr> </table> </li> <li>Other differences           <table> <tr> <td></td><td><u>(228,915)</u></td></tr> </table> </li> </ul>	Capital outlay purchases	1,546,515	Loss on disposition of assets	(11,390)	Depreciation	(1,818,270)	Repayments of debt	434,101	Change in net pension liability	79,700	Change in net OPEB obligation	(378,101)	Other	(12,051)		(455,987)		<u>(228,915)</u>	
Capital outlay purchases	1,546,515																		
Loss on disposition of assets	(11,390)																		
Depreciation	(1,818,270)																		
Repayments of debt	434,101																		
Change in net pension liability	79,700																		
Change in net OPEB obligation	(378,101)																		
Other	(12,051)																		
	(455,987)																		
	<u>(228,915)</u>																		
<b>Change in net position of governmental activities</b>	<b>\$ <u>(493,622)</u></b>																		

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

## TOWN OF ACUSHNET, MASSACHUSETTS

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues and Transfers In:</b>				
Property taxes	\$ 15,982,608	\$ 15,994,608	\$ 15,994,608	\$ -
Motor vehicle excise	800,000	800,000	1,396,364	596,364
Penalties, interest and other taxes	99,000	99,000	140,568	41,568
Charges for services	60,663	60,663	120,526	59,863
Licenses and permits	179,845	179,845	173,829	(6,016)
Intergovernmental	7,979,802	7,979,802	7,965,323	(14,479)
Fines and forfeitures	12,871	12,871	10,004	(2,867)
Investment income	13,033	13,033	22,994	9,961
Transfers in	300,000	336,000	346,096	10,096
Use of free cash	1,141,817	1,805,234	1,805,234	-
Use of overlay surplus	13,701	13,701	13,701	-
Total Revenues and Transfers In	26,583,340	27,294,757	27,989,247	694,490
<b>Expenditures and Transfers Out:</b>				
General government	1,570,639	1,918,112	1,684,743	233,369
Public safety	3,221,628	3,358,759	3,324,705	34,054
Education	15,334,841	15,334,841	15,219,969	114,872
Public works	1,587,289	1,822,289	1,701,186	121,103
Health and human services	545,752	563,684	511,266	52,418
Culture and recreation	306,384	320,455	289,444	31,011
Employee benefits	3,338,462	3,284,222	2,943,560	340,662
Debt service	356,788	356,788	356,788	-
Intergovernmental	288,587	302,637	198,534	104,103
Transfers out	32,970	32,970	34,853	(1,883)
Total Expenditures and Transfers Out	26,583,340	27,294,757	26,265,048	1,029,709
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,724,199	\$ 1,724,199

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

## TOWN OF ACUSHNET, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 493,946	\$ 1,861,895	\$ 2,355,841
Receivables, net of allowance for uncollectibles:			
User fees	-	141,995	141,995
Betterments	-	340,777	340,777
Total current assets	493,946	2,344,667	2,838,613
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Betterments	-	1,259,475	1,259,475
Land and construction in progress	5,271,873	-	5,271,873
Other capital assets, net of accumulated depreciation	749,121	4,151,130	4,900,251
Total noncurrent assets	6,020,994	5,410,605	11,431,599
<b>TOTAL ASSETS</b>	6,514,940	7,755,272	14,270,212
<b>LIABILITIES</b>			
Current:			
Warrants and accounts payable	38,255	57,292	95,547
Accrued liabilities	48,433	24,826	73,259
Unearned revenue	64,058	-	64,058
Other	44,193	-	44,193
Current portion of long-term liabilities:			
Bonds payable	265,000	256,928	521,928
Other	37,786	-	37,786
Total current liabilities	497,725	339,046	836,771
Noncurrent:			
Bonds payable, net of current portion	2,625,000	2,262,991	4,887,991
Total noncurrent liabilities	2,625,000	2,262,991	4,887,991
<b>TOTAL LIABILITIES</b>	3,122,725	2,602,037	5,724,762
<b>NET POSITION</b>			
Net investment in capital assets	3,093,207	1,631,211	4,724,418
Unrestricted	299,008	3,522,024	3,821,032
<b>TOTAL NET POSITION</b>	\$ 3,392,215	\$ 5,153,235	\$ 8,545,450

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

TOWN OF ACUSHNET, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds		
	<u>Golf Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 1,291,157	519,144	\$ 1,810,301
Total Operating Revenues	1,291,157	519,144	1,810,301
<b>Operating Expenses:</b>			
Salaries and benefits	450,158	68,668	518,826
Other operating expenses	358,844	416,886	775,730
Depreciation	163,270	148,644	311,914
Total Operating Expenses	972,272	634,198	1,606,470
Operating Income	318,885	(115,054)	203,831
<b>Nonoperating Revenues (Expenses):</b>			
Interest income	773	7,136	7,909
Interest expense	(34,709)	(50,167)	(84,876)
Total Nonoperating Revenues (Expenses)	(33,936)	(43,031)	(76,967)
Income Before Capital Contributions	284,949	(158,085)	126,864
<b>Capital Contributions</b>	-	118,010	118,010
Change in Net Position	284,949	(40,075)	244,874
Net Position at Beginning of Year	3,107,266	5,193,310	8,300,576
Net Position at End of Year	\$ 3,392,215	\$ 5,153,235	\$ 8,545,450

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

TOWN OF ACUSHNET, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds		
	Golf Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 1,294,922	\$ 735,802	\$ 2,030,724
Payments to vendors	(344,299)	(409,290)	(753,589)
Payments to employees	(450,158)	(68,668)	(518,826)
Net Cash Provided By (Used For) Operating Activities	500,465	257,844	758,309
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(31,636)	-	(31,636)
Capital contributions	-	118,011	118,011
Principal payments on bonds	(255,000)	(277,236)	(532,236)
Principal payments on capital lease obligations	(44,228)	-	(44,228)
Interest expense	(90,525)	(55,688)	(146,213)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(421,389)	(214,913)	(636,302)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	773	7,136	7,909
Net Change in Cash and Short-Term Investments	79,849	50,067	129,916
Cash and Short-Term Investments, Beginning of Year	414,097	1,811,828	2,225,925
Cash and Short-Term Investments, End of Year	\$ 493,946	\$ 1,861,895	\$ 2,355,841
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</u></b>			
Operating income	\$ 318,885	\$ (115,054)	\$ 203,831
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	163,270	148,644	311,914
Changes in assets, liabilities, and deferred outflows/inflows:			
User fees receivable	-	25,698	25,698
Special assessments	-	190,961	190,961
Warrants and accounts payable	14,546	7,595	22,141
Other liabilities	3,764	-	3,764
Net Cash Provided By (Used For) Operating Activities	\$ 500,465	\$ 257,844	\$ 758,309

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

TOWN OF ACUSHNET, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ <u>22,660</u>	\$ <u>161,281</u>
Total Assets	22,660	161,281
<b>LIABILITIES AND NET POSITION</b>		
Warrants payable	-	291
Accrued liabilities	-	1,643
Due to external parties	-	119,221
Other liabilities	<u>-</u>	<u>40,126</u>
Total Liabilities	<u>-</u>	<u>161,281</u>
<b>NET POSITION</b>		
Total net position restricted for pensions and other purposes	\$ <u><u>22,660</u></u>	\$ <u><u>-</u></u>

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

TOWN OF ACUSHNET, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Funds</u>
<b>Additions:</b>	
Investment income	\$ <u>57</u>
Total additions	<u>57</u>
Net increase	57
<b>Net position:</b>	
Beginning of year	<u>22,603</u>
End of year	\$ <u><u>22,660</u></u>

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



# TOWN OF ACUSHNET, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

##### Government-wide Financial Statements

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

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

##### Fund Financial Statements

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

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Water Fund* accounts for activity associated with the water department.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under

this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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

The government reports the following major proprietary funds:

- Golf Fund
- Sewer Fund

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

The Town reports the following fiduciary funds:

- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

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

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

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

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

*E. Investments*

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the stabilization funds and trust funds consist of bank certificates of deposit, corporate bonds, mutual funds, federal securities, and equity investments. Investments are carried at fair value except certificates of deposit which are reported at cost.

*F. Property Tax Limitations*

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2017 tax levy reflected an excess capacity of \$4,405.

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Land improvements	20
Infrastructure	40 - 50
Vehicles	5-15
Equipment	5-10

#### *H. Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### *I. Long-Term Obligations*

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

#### *J. Fund Equity*

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

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

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

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when

there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

**K. Use of Estimates**

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

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

**A. Budgetary Information**

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

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds.

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

**B. Budgetary Basis**

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

*C. Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 28,292,155	\$ 28,320,911
Other financing sources/uses (GAAP Basis)	<u>346,096</u>	<u>34,853</u>
Subtotal (GAAP Basis)	28,638,251	28,355,764
Adjust tax revenue to accrual basis	(248,667)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(598,390)
Add end-of-year appropriation carryforwards to expenditures	-	721,641
Record use of free cash and overlay surplus	1,818,935	-
Reverse effect of combining stabilization funds with general fund per GASB 54	(5,305)	-
To reverse the effect of non-budgeted State contributions for teachers retirement	<u>(2,213,967)</u>	<u>(2,213,967)</u>
Budgetary Basis	<u>\$ 27,989,247</u>	<u>\$ 26,265,048</u>

*D. Deficit Fund Equity*

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

It is anticipated that the deficits in these funds will be eliminated through future grant revenues.

### 3. Cash and Short-Term Investments

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company." The Government's deposit policy is to review the financial institution's financial statements and background of any advisors. The intent is to limit the Town's exposure to only those institutions with a proven financial strength, capital adequacy of the firm, and overall affirmative reputation in the municipal industry.

As of June 30, 2017, \$1,905,810 of the Town's bank balance of \$13,445,273 was exposed to custodial credit risk as uninsured or uncollateralized.

### 4. Investments

#### A. Credit Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	Exempt From <u>Disclosure</u>	<u>Rating as of Year-end</u>				
			<u>Aaa</u>	<u>A1</u>	<u>A3</u>	<u>Baa1</u>	<u>Baa2</u>
Certificates of deposits	\$ 1,655	\$ 1,655	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	455	-	-	70	190	120	75
Mutual funds	128	128	-	-	-	-	-
Federal securities	802	-	802	-	-	-	-
Equity investments	417	417	-	-	-	-	-
Total investments	<u>\$ 3,457</u>	<u>\$ 2,200</u>	<u>\$ 802</u>	<u>\$ 70</u>	<u>\$ 190</u>	<u>\$ 120</u>	<u>\$ 75</u>



### B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Per the Town's investment policy, the Treasurer will review the financial institution's financial statements and the background of the Advisor. Further, all securities held by a third-party custodian will be held in the Town's name and tax identification number.

As of June 30, 2017, the Town did not have any investments exposed to custodial credit risk.

### C. 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 security or issuer will be minimized. Town investments in any one issuer (other than U.S. treasuries, government agency securities and mutual funds) that represent 5% or more of total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
HarborOne Bank certificate of deposit	\$ 1,000,000	28.93%
Total	<u>\$ 1,000,000</u>	

### D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy states the Town will manage interest rate risk by managing duration in the account.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities</u> <u>(in Years)</u>		
		Less <u>Than 1</u>	<u>1-5</u>	<u>N/A</u>
Certificates of deposits	\$ 1,655	\$ 1,000	\$ 655	\$ -
Corporate bonds	455	385	70	-
Mutual funds	128	-	-	128
Federal securities	802	-	802	-
Equity investments	<u>417</u>	<u>-</u>	<u>-</u>	<u>417</u>
Total	<u>\$ 3,457</u>	<u>\$ 1,385</u>	<u>\$ 1,527</u>	<u>\$ 545</u>

#### E. Foreign Currency Risk

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

#### F. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following fair value measurements as of June 30, 2017 (in thousands):

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Description</u>				
Investments by fair value level:				
Debt securities:				
Federal agency securities	\$ 802	\$ -	\$ 802	\$ -
Corporate bonds	455	-	455	-
Equity securities:				
Corporate equities	417	417	-	-
Mutual funds	128	128	-	-
Total	\$ 1,802			

### **5. Taxes and Excises Receivables**

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

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

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

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

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
<u>Receivables:</u>			
Real estate taxes	\$ 405,315	\$ (40,531)	\$ 364,784
Personal property taxes	28,331	(19,263)	9,068
Tax liens	326,918	(33,287)	293,631
Other	325,756	-	325,756
Total property taxes	1,086,320	(93,081)	993,239
Motor vehicle excise	166,070	(79,147)	86,923
Total excises	166,070	(79,147)	86,923
Grand total	\$ 1,252,390	\$ (172,228)	\$ 1,080,162

## 6. User Fee Receivables

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

	Gross Amount	Allowance for Doubtful Accounts	Net Amount
<u>Receivables:</u>			
Water	\$ 337,773	\$ (34,088)	\$ 303,685
Ambulance	145,073	-	145,073
Sewer	165,124	(23,129)	141,995
Total	\$ 647,970	\$ (57,217)	\$ 590,753

## 7. Interfund Transfers

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

presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2017:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 346,096	\$ 34,853
Nonmajor Funds:		
Special revenue funds	-	346,096
Capital project funds	<u>34,853</u>	<u>-</u>
Subtotal Nonmajor Funds	<u>34,853</u>	<u>346,096</u>
Total Governmental Funds	<u>380,949</u>	<u>380,949</u>
Grand Total	<u>\$ 380,949</u>	<u>\$ 380,949</u>

## 8. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 40,144	\$ 278	\$ -	\$ 40,422
Machinery, equipment, and furnishings	2,750	23	-	2,773
Vehicles	2,068	506	(6)	2,568
Infrastructure	21,575	740	(251)	22,064
Land improvements	<u>5,354</u>	<u>-</u>	<u>-</u>	<u>5,354</u>
Total capital assets, being depreciated	71,891	1,547	(257)	73,181
Less accumulated depreciation for:				
Buildings and improvements	(14,361)	(1,131)	-	(15,492)
Machinery, equipment, and furnishings	(1,512)	(163)	6	(1,669)
Vehicles	(1,631)	(146)	240	(1,537)
Infrastructure	(14,853)	(239)	-	(15,092)
Land improvements	<u>(1,129)</u>	<u>(140)</u>	<u>-</u>	<u>(1,269)</u>
Total accumulated depreciation	<u>(33,486)</u>	<u>(1,819)</u>	<u>246</u>	<u>(35,059)</u>
Total capital assets, being depreciated, net	38,405	(272)	(11)	38,122
Capital assets, not being depreciated:				
Land	<u>1,689</u>	<u>-</u>	<u>-</u>	<u>1,689</u>
Total capital assets, not being depreciated	<u>1,689</u>	<u>-</u>	<u>-</u>	<u>1,689</u>
Governmental activities capital assets, net	<u>\$ 40,094</u>	<u>\$ (272)</u>	<u>\$ (11)</u>	<u>\$ 39,811</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 295	\$ 8	\$ -	\$ 303
Machinery, equipment, and furnishings	1,208	23	-	1,231
Infrastructure	5,754	-	-	5,754
Land improvements	<u>1,658</u>	<u>6</u>	<u>-</u>	<u>1,664</u>
Total capital assets, being depreciated	8,915	37	-	8,952
Less accumulated depreciation for:				
Buildings and improvements	(154)	(10)	-	(164)
Machinery, equipment, and furnishings	(866)	(79)	-	(945)
Infrastructure	(1,504)	(142)	-	(1,646)
Land improvements	<u>(1,216)</u>	<u>(81)</u>	<u>-</u>	<u>(1,297)</u>
Total accumulated depreciation	<u>(3,740)</u>	<u>(312)</u>	<u>-</u>	<u>(4,052)</u>
Total capital assets, being depreciated, net	5,175	(275)	-	4,900
Capital assets, not being depreciated:				
Land	1,637	-	-	1,637
Land improvements	2,842	-	(6)	2,836
Capitalized interest on land improvements	<u>799</u>	<u>-</u>	<u>-</u>	<u>799</u>
Total capital assets, not being depreciated	<u>5,278</u>	<u>-</u>	<u>(6)</u>	<u>5,272</u>
Business-type activities capital assets, net	<u>\$ 10,453</u>	<u>\$ (275)</u>	<u>\$ (6)</u>	<u>\$ 10,172</u>

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

<b>Governmental Activities:</b>	
General government	\$ 110
Public safety	418
Education	712
Public works	461
Health and human services	32
Culture and recreation	<u>86</u>
Total depreciation expense - governmental activities	<u>\$ 1,819</u>
<b>Business-Type Activities:</b>	
Golf	\$ 163
Sewer	<u>149</u>
Total depreciation expense - business-type activities	<u>\$ 312</u>

## 9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 16.

## 10. Warrants and Accounts Payable

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

## 11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating leases expiring in fiscal year 2018. Future minimum lease payments under the capital lease consisted of the following as of June 30, 2017:

	<u>Fiscal Year</u>	<u>Capital Leases</u>
	2018	\$ <u>37,787</u>
Total payments		37,787
Less amounts representing interest		<u>91</u>
Present Value of Minimum Lease Payments		\$ <u><u>37,696</u></u>

## 12. Long-Term Debt

### A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/17</u>
School refunding	08/01/25	2.00	\$ 882,000
Police station	08/01/34	2.00	4,485,000
Water main replacement	02/04/43	4.50	555,931
Water main replacement	12/14/44	4.25	983,307
Water main replacement	04/25/45	4.13	525,817
Water main replacement	06/25/46	4.13	1,293,865
Septic system betterment Title V	08/01/18	5.13	10,868
Sewer loan program	07/15/29	0.00	<u>405,449</u>
Total Governmental Activities:			<u>\$ 9,142,237</u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/17</u>
Gold course irrigation	08/01/24	3.00	\$ 100,000
Golf course	08/01/27	3.00	2,790,000
Sewer design	08/01/26	2.00	163,000
MWPAT	07/15/26	2.00	401,724
Sewer phase II	07/15/25	2.00	<u>1,955,195</u>
Total Business-Type Activities:			<u>\$ 5,409,919</u>

**B. Future Debt Service**

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 401,744	\$ 302,917	\$ 704,661
2019	404,498	294,163	698,661
2020	401,935	285,292	687,227
2021	409,927	275,818	685,745
2022	413,047	264,693	677,740
2023-2027	2,143,846	1,095,849	3,239,695
2028-2032	1,999,829	767,168	2,766,997
Thereafter	<u>2,967,411</u>	<u>700,294</u>	<u>3,667,705</u>
Total	<u>\$ 9,142,237</u>	<u>\$ 3,986,194</u>	<u>\$ 13,128,431</u>

The general funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2017.

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 521,928	\$ 131,934	\$ 653,862
2019	541,715	118,573	660,288
2020	546,597	104,890	651,487
2021	561,579	90,933	652,512
2022	566,661	76,625	643,286
2023-2027	2,616,439	92,486	2,708,925
2028-2031	55,000	69,825	124,825
Total	<u>\$ 5,409,919</u>	<u>\$ 685,266</u>	<u>\$ 6,095,185</u>

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

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

	Total Balance <u>7/1/16</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/17</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/17</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 9,576	\$ -	\$ (434)	\$ 9,142	\$ (402)	\$ 8,740
Net pension liability	10,381	-	(79)	10,302	-	10,302
Net OPEB liability	3,000	378	-	3,378	-	3,378
Other:						
Compensated absences	325	33	(21)	337	(17)	320
Totals	<u>\$ 23,282</u>	<u>\$ 411</u>	<u>\$ (534)</u>	<u>\$ 23,159</u>	<u>\$ (419)</u>	<u>\$ 22,740</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 5,942	\$ -	\$ (532)	\$ 5,410	\$ (522)	\$ 4,888
Other:						
Capital leases	82	-	(44)	38	(38)	-
Totals	<u>\$ 6,024</u>	<u>\$ -</u>	<u>\$ (576)</u>	<u>\$ 5,448</u>	<u>\$ (560)</u>	<u>\$ 4,888</u>

## 13. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 16. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.



## 14. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2017:

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (Town Meeting). This fund balance classification includes general fund non-lapsing capital appropriations approved by Town Meeting, and various OPEB stabilization funds.

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

Unassigned – Represents amounts that are available to be spent in future periods. This fund balance classification also includes general stabilization funds set aside at Town Meeting vote for future use and temporary deficits in other governmental funds.

Following is a breakdown of the Town's fund balances at June 30, 2017:

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 203,544	\$ 203,544
Total Nonexpendable	-	-	203,544	203,544
Restricted				
Water funds	-	1,070,297	-	1,070,297
Special revenue funds	-	-	3,433,444	3,433,444
Capital projects funds	-	-	193,895	193,895
Expendable permanent funds	-	-	341,837	341,837
Total Restricted	-	1,070,297	3,969,176	5,039,473
Committed				
Reserve for continuing resolutions	419,351	-	-	419,351
OPEB stabilization funds	202,852	-	-	202,852
Total Committed	622,203	-	-	622,203
Assigned				
Encumbrances	302,274	-	-	302,274
Reserve for expenditures	1,427,969	-	-	1,427,969
Total Assigned	1,730,243	-	-	1,730,243
Unassigned				
General fund	2,637,155	-	-	2,637,155
General stabilization fund	1,769,178	-	-	1,769,178
Special revenue fund deficits	-	-	(31,530)	(31,530)
Total Unassigned	4,406,333	-	(31,530)	4,374,803
Total Fund Balance	\$ 6,758,779	\$ 1,070,297	\$ 4,141,190	\$ 11,970,266

## 15. General Fund Unassigned Fund Balance

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

Massachusetts General Laws include provisions to allow municipalities to over-expend certain appropriations if they are incurred in an emergency situation and for the safety of the public. The most common example involves the “snow & ice” appropriation. However, all such over-expenditures must be funded in the subsequent year’s tax rate.

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

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

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

GAAP basis balance	\$ 4,406,333
General stabilization fund	<u>(1,769,178)</u>
Statutory (UMAS) Balance	<u>\$ 2,637,155</u>

## 16. **Bristol County Retirement System**

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

### A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Bristol County Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 645 County Street Taunton, Massachusetts 02780.

### Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 10 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The

plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

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

#### Participant Refunds

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

#### Participants Contributions

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

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

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

### Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2017 was \$1,107,220, which was equal to its annual required contribution.

### B. Summary of Significant Accounting Policies

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

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

At June 30, 2017, the Town reported a liability of \$10,301,662 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, 2016. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2016, the Town's proportion was 3.0858%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,331,871. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 420,657	\$ -
Changes of assumptions	-	247,056
Net difference between projected and actual earnings on pension plan investments	1,391,480	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,296
Total	\$ <u>1,812,137</u>	\$ <u>270,352</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 534,633
2019	534,633
2020	414,049
2021	<u>58,470</u>
Total	<u>\$ 1,541,785</u>

*D. Actuarial Assumptions*

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

Inflation	4.00%
Projected salary increases	2.75-5.50%
Investment rate of return	7.75%
Cost of living increases	3% of the first \$18,000 of retirement

Mortality rates were based on RP-2014 Blue Collar Mortality Table with Scale MP-2014, fully generational for Pre-Retirement retirees. Healthy Retirees for Group 1 & 2 are represented by the RP-2000 Mortality Table set forward five years for males and 3 years for females, fully generational; however, Group 4 retirees are set forward three years for males and six years for females, fully generational. Disabled retirees for Groups 1 & 2 are represented by the RP-2000 Mortality Table set forward six years; however, Group 4 is set forward two years. Generational adjusting is based on Scale MP-2014.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	46.5%	7.8%
Fixed income	24.5%	5.0%
Private equity	8.5%	11.3%
Real estate funds	7.5%	6.3%
Hedge funds	5.0%	7.1%
Infrastructure	5.0%	8.0%
Timber	3.0%	7.5%
Total	<u>100.00%</u>	

*E. Discount Rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the System's net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$ 14,139,874	\$ 10,301,662	\$ 7,586,570

*G. Pension Plan Fiduciary Net Position*

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

## 17. **Massachusetts Teachers' Retirement System (MTRS)**

### A. *Plan Description*

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

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

### B. *Benefits Provided*

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

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

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



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

*C. Contributions*

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

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

*D. Actuarial Assumptions*

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. This valuation used the following assumptions:

- (a) 7.50% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.
- Mortality rates were as follows:
  - Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct).
  - Post-retirement - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct).
  - Disability – assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale BB set forward 4 years.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term

expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2016 are summarized in the following table:

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

#### *E. Discount Rate*

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

#### *F. Sensitivity Analysis*

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

<u>1% Decrease to 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase to 8.50%</u>
\$ 27,464,000	\$ 22,357,928	\$ 18,022,000

#### G. Special Funding Situation

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

#### H. Commonwealth Proportions Associated with the Town

In fiscal year 2017 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability and pension expense associated with the Town was \$21,704,162 and \$2,213,967 respectively, based on a proportionate share of 0.097076%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expense in the general fund.

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

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

#### A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of July 1, 2014, the actuarial valuation date, approximately 141 retirees and 98 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

#### B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees

who retire from the Town and meet the eligibility criteria will receive these benefits.

*C. Funding Policy*

Retirees contribute 40% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

*D. Annual OPEB Costs and Net OPEB Obligation*

The Town's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2014.

Annual Required Contribution (ARC)	\$ 861,847
Interest on net OPEB obligation	120,016
Adjustment to ARC	<u>(149,129)</u>
Annual OPEB cost	832,734
Contributions made	<u>(454,633)</u>
Increase in net OPEB obligation	378,101
Net OPEB obligation - beginning of year	<u>3,000,395</u>
Net OPEB obligation - end of year	<u><u>\$ 3,378,496</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 832,734	55%	\$ 3,378,496
2016	\$ 794,441	56%	\$ 3,000,395
2015	\$ 1,033,680	62%	\$ 2,647,844

*E. Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2014, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 10,889,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 10,889,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0.0%</u></u>
Covered payroll (active plan members)	<u><u>\$ 5,157,000</u></u>
UAAL as a percentage of covered payroll	<u><u>211.1%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of OPEB Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*F. Actuarial Methods and Assumptions*

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

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.00% investment rate of return. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3.50%.

## 19. Subsequent Events

### Debt

Subsequent to June 30, 2017, the Town has incurred the following additional capital leases:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Golf Carts	\$ <u>179,420</u>	3.15%	7/28/17	7/28/20

## 20. Commitments and Contingencies

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

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

## 21. Beginning Fund Balance and Net Position Reclassification

The beginning (July 1, 2016) fund balance and net position of the Town has been reclassified as follows:

### Government-Wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported	\$ 32,119,450
OPEB stabilization fund reclassification	<u>194,554</u>
As restated	<u>\$ 32,314,004</u>

Fund Basis Financial Statements:	<u>Governmental Funds</u>			<u>Fiduciary Funds</u>
	<u>General Fund</u>	<u>Police Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Private Purpose Fund</u>
As previously reported	\$ 6,281,738	\$ 195,409	\$ 4,103,320	\$ 217,157
OPEB stabilization fund reclassification	194,554	-	-	(194,554)
Reclassification of prior year major fund	-	(195,409)	195,409	-
As restated	<u>\$ 6,476,292</u>	<u>\$ -</u>	<u>\$ 4,298,729</u>	<u>\$ 22,603</u>

## **22. Implementation of New GASB Standard**

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

**TOWN OF ACUSHNET, MASSACHUSETTS**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (GASB 68)**  
**JUNE 30, 2017**  
**(Unaudited)**

Bristol County Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2017	December 31, 2016	3.0858%	\$10,301,662	\$ 5,115,276	201.39%	64.17%
June 30, 2016	December 31, 2015	3.0860%	\$10,381,362	\$ 5,125,090	202.56%	62.90%
June 30, 2015	December 31, 2014	3.2640%	\$9,327,209	\$ 4,631,483	201.39%	67.11%

Massachusetts Teachers' Retirement System							
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town</u>	<u>Total Net Pension Liability Associated with the Town</u>	<u>Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2017	June 30, 2016	0.097076%	\$ -	\$ 21,704,162	\$ 21,704,162	\$ 6,385,324	52.73%
June 30, 2016	June 30, 2015	0.088293%	\$ -	\$ 18,090,881	\$ 18,090,881	\$ 5,596,794	55.38%
June 30, 2015	June 30, 2014	0.087552%	\$ -	\$ 13,917,926	\$ 13,917,926	\$ 5,368,246	61.64%

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

See Independent Auditors' Report.



**TOWN OF ACUSHNET, MASSACHUSETTS**

**SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)**

**JUNE 30, 2017  
(Unaudited)**

Bristol County Retirement System					
Fiscal <u>Year</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contribution</u>	Contribution Deficiency ( <u>Excess</u> )	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
June 30, 2017	\$ 1,107,220	\$ 1,107,220	\$ -	\$ 5,115,276	21.65%
June 30, 2016	\$ 1,024,752	\$ 1,024,752	\$ -	\$ 5,125,090	19.99%
June 30, 2015	\$ 1,008,460	\$ 1,008,460	\$ -	\$ 4,631,483	21.77%

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

See Independent Auditors' Report.

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

**June 30, 2017  
(Unaudited)  
(Amounts Expressed in thousands)**

<b>Other Post-Employment Benefits</b>						
Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percent- age of Covered Payroll <u>[(b-a)/c]</u>
07/01/14	\$ -	\$ 10,889	\$ 10,889	0.0%	\$ 5,157	211.1%
07/01/12	\$ -	\$ 13,820	\$ 13,820	0.0%	\$ 4,796	288.2%
07/01/10	\$ -	\$ 16,232	\$ 16,232	0.0%	\$ 5,434	298.7%
07/01/08	\$ -	\$ 13,416	\$ 13,416	0.0%	\$ 5,327	251.8%

See Independent Auditors' Report.