

TOWN OF WHITMAN, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2017

TOWN OF WHITMAN, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Whitman, 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 Whitman, 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.

Opinion

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 Whitman, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules appearing on pages 53 to 57 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 Whitman, 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 government'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 water 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 the enterprise fund.

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, the enterprise fund is used to account for water and sewer operations.

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 \$40,639,685 (i.e., net position), a change of \$(348,780) in comparison to the prior year, as restated.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$8,869,951, a change of \$666,011 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,805,506, a change of \$112,213 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.

NET POSITION (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 11,932	\$ 11,233	\$ 10,409	\$ 11,867	\$ 22,341	\$ 23,100
Capital assets	<u>23,568</u>	<u>23,621</u>	<u>30,345</u>	<u>30,251</u>	<u>53,913</u>	<u>53,872</u>
Total assets	35,500	34,854	40,754	42,118	76,254	76,972
Deferred outflows of resources	<u>2,021</u>	<u>1,982</u>	<u>70</u>	<u>84</u>	<u>2,091</u>	<u>-</u>
Total assets and deferred outflows of resources	37,521	36,836	40,824	42,202	78,345	76,972
Long-term liabilities outstanding	28,202	28,794	6,866	7,565	35,068	36,359
Other liabilities	<u>858</u>	<u>443</u>	<u>882</u>	<u>1,146</u>	<u>1,740</u>	<u>1,589</u>
Total liabilities	29,060	29,237	7,748	8,711	36,808	37,948
Deferred inflows of resources	866	97	30	4	15	-
Net position:						
Net investment in capital assets	15,606	15,511	25,181	25,634	40,787	41,145
Restricted	2,357	2,024	-	-	2,357	2,024
Unrestricted	<u>(10,369)</u>	<u>(10,034)</u>	<u>7,864</u>	<u>7,853</u>	<u>(2,505)</u>	<u>(2,181)</u>
Total net position	<u>\$ 7,594</u>	<u>\$ 7,501</u>	<u>\$ 33,045</u>	<u>\$ 33,487</u>	<u>\$ 40,639</u>	<u>\$ 40,988</u>

CHANGES IN NET POSITION (in thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,078	\$ 2,676	\$ 4,523	\$ 4,422	\$ 7,601	\$ 7,098
Operating grants and contributions	1,163	593	-	-	1,163	593
Capital grants and contributions	-	16	-	-	-	16
General revenues:						
Property taxes	21,950	22,150	-	-	21,950	22,150
Excises	2,269	1,842	-	-	2,269	1,842
Penalties and interest on taxes	316	366	-	-	316	366
Grants and contributions not restricted to specific programs	2,476	2,381	200	89	2,676	2,470
Investment income	16	46	58	51	74	97
Other	124	384	-	-	124	384
Total revenues	<u>31,392</u>	<u>30,454</u>	<u>4,781</u>	<u>4,562</u>	<u>36,173</u>	<u>35,016</u>
Expenses:						
General government*	6,506	6,073	-	-	6,506	6,073
Public safety	6,599	6,664	-	-	6,599	6,664
Education	13,497	13,718	-	-	13,497	13,718
Public works	3,223	3,320	-	-	3,223	3,320
Human services	767	559	-	-	767	559
Culture and recreation	697	570	-	-	697	570
Interest on long-term debt	288	309	-	-	288	309
Intergovernmental	184	186	-	-	184	186
Water and sewer	-	-	4,761	4,608	4,761	4,608
Total expenses	<u>31,761</u>	<u>31,399</u>	<u>4,761</u>	<u>4,608</u>	<u>36,522</u>	<u>36,007</u>
Change in net position before transfers	(369)	(945)	20	(46)	(349)	(991)
Transfers in (out)	<u>462</u>	<u>451</u>	<u>(462)</u>	<u>(451)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	93	(494)	(442)	(497)	(349)	(991)
Net position - beginning of year, as restated	<u>7,501</u>	<u>7,995</u>	<u>33,487</u>	<u>33,984</u>	<u>40,988</u>	<u>41,979</u>
Net position - end of year	<u>\$ 7,594</u>	<u>\$ 7,501</u>	<u>\$ 33,045</u>	<u>\$ 33,487</u>	<u>\$ 40,639</u>	<u>\$ 40,988</u>

*Includes Employee Benefits

The largest portion of net position, \$40,787,104, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt

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

An additional portion of net position, \$2,357,340, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$(2,504,759) primarily resulting from the Town's unfunded net pension liability.

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 \$40,639,685, a change of \$(348,780) from the prior year, as restated.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$93,154. Key elements of this change are as follows:

General fund budgetary results	\$ 590,603
Capital assets from current year revenues	916,953
Depreciation in excess of debt service expense	(822,189)
Change in net pension liability	347,358
Change in pension related deferred inflows and outflows	(729,703)
Increase in net OPEB obligation	(353,700)
Other	<u>143,832</u>
Total	<u>\$ 93,154</u>

Business-type activities. Unrestricted net position of the water-sewer enterprise fund at the end of the year amounted to \$7,864,288, a change of \$11,312 in comparison to the prior year, as restated. The activities for the year resulted in a change in net position of \$(441,934). The decrease in net position is primarily due to depreciation expense in excess of debt service payments.

D. FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

General fund. The general fund is the chief operating fund. 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. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,805,506, while total fund balance was \$6,673,242. 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 ¹	\$ 3,805,506	\$ 3,693,293	\$ 112,213	12.5%
Total fund balance ²	\$ 6,673,242	\$ 6,062,271	\$ 610,971	22.0%

¹ Includes General Stabilization fund of \$2,582,928.

² Includes General, Capital, and Technology Stabilization funds.

The total fund balance of the general fund changed by \$610,971 during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (709,663)
Raising of prior year deficit (snow and ice)	163,799
Revenues in excess of budget	101,901
Expenditures less than budget	1,027,239
Other	27,695
Total	\$ 610,971

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

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
General stabilization (unassigned)	\$ 2,575,544	\$ 2,582,928	\$ (7,384)
Capital stabilization (committed)	1,546,119	1,541,085	5,034
Technology stabilization (committed)	837	835	2
Regional schools capital stabilization (committed)	6,276	6,239	37
Total	\$ 4,128,776	\$ 4,131,087	\$ (2,311)

Other governmental funds. The total fund balance of other governmental funds changed by \$55,040 during the year. Key factors in this change are as follows:

Ambulance service receipts	\$ 773,292
Transfer of ambulance receipts to general fund	(736,125)
Sale of town real estate	99,579
Library trust fund purchases	(131,325)
Other	49,619
Total	\$ 55,040

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$120,825. Major reasons for these amendments include:

- \$ 25,000 appropriated for the payment of fire department expenditures, funded by the Ambulance Fund
- \$ 80,000 appropriated to fund upgrades and improvements to the Town Park, funded by free cash

The Town also transferred certain appropriations between departments.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$53,912,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Major capital asset additions during the current fiscal year included vehicles for public safety and public works functions.

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

Change in credit rating. The Town is currently assigned an “Aa3” rating from Moody’s for general obligation debt.

Long-term debt. At the end of the current fiscal year, total bonded debt and loans outstanding was \$13,033,669, all of which was backed by the full faith and credit of the government.

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

REQUESTS FOR INFORMATION

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

Town Manager
Town of Whitman
54 South Avenue - P.O. Box 426
Whitman, MA 02382-0426

TOWN OF WHITMAN, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 7,218,724	\$ 8,442,947	\$ 15,661,671
Investments	2,480,491	-	2,480,491
Receivables, net of allowance for uncollectibles:			
Property taxes	605,377	-	605,377
Excises	229,612	-	229,612
User fees	163,033	1,966,029	2,129,062
Departmental and other	208,548	-	208,548
Intergovernmental	<u>177,842</u>	<u>-</u>	<u>177,842</u>
Total current assets	11,083,627	10,408,976	21,492,603
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	848,841	-	848,841
Capital assets not being depreciated	1,909,621	637,006	2,546,627
Capital assets, net of accumulated depreciation	<u>21,657,939</u>	<u>29,707,663</u>	<u>51,365,602</u>
Total noncurrent assets	24,416,401	30,344,669	54,761,070
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related	<u>2,020,796</u>	<u>70,043</u>	<u>2,090,839</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	37,520,824	40,823,688	78,344,512
LIABILITIES			
Current:			
Accounts payable	685,496	-	685,496
Due to other governments	-	860,000	860,000
Accrued liabilities	152,922	15,342	168,264
Notes payable	14,575	-	14,575
Other current liabilities	5,506	7,000	12,506
Current portion of long-term liabilities:			
Bonds payable	695,873	648,382	1,344,255
Capital leases	<u>137,305</u>	<u>-</u>	<u>137,305</u>
Total current liabilities	1,691,677	1,530,724	3,222,401
Noncurrent:			
Bonds payable, net of current portion	6,621,876	5,067,538	11,689,414
Net pension liability	16,479,633	571,203	17,050,836
Net OPEB obligation	3,760,795	578,817	4,339,612
Capital leases, net of current portion	<u>506,502</u>	<u>-</u>	<u>506,502</u>
Total noncurrent liabilities	27,368,806	6,217,558	33,586,364
DEFERRED INFLOWS OF RESOURCES:			
Pension related	<u>866,044</u>	<u>30,018</u>	<u>896,062</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	29,926,527	7,778,300	37,704,827
NET POSITION			
Net investment in capital assets	15,606,004	25,181,100	40,787,104
Restricted for:			
Grants and other statutory restrictions	1,629,475	-	1,629,475
Permanent funds:			
Nonexpendable	354,149	-	354,149
Expendable	373,716	-	373,716
Unrestricted	<u>(10,369,047)</u>	<u>7,864,288</u>	<u>(2,504,759)</u>
TOTAL NET POSITION	\$ 7,594,297	\$ 33,045,388	\$ 40,639,685

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

TOWN OF WHITMAN, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES:							
General government	\$ 2,161,803	\$ 373,764	\$ 515,007	\$ -	\$ (1,273,032)	\$ -	\$ (1,273,032)
Public safety	6,598,730	871,551	43,771	-	(5,683,408)	-	(5,683,408)
Education	13,497,210	-	80,744	-	(13,416,466)	-	(13,416,466)
Public works	3,223,217	1,706,075	491,156	-	(1,025,986)	-	(1,025,986)
Health and human services	767,235	37,228	25,481	-	(704,526)	-	(704,526)
Culture and recreation	696,850	89,279	6,600	-	(600,971)	-	(600,971)
Employee benefits	4,344,243	-	-	-	(4,344,243)	-	(4,344,243)
Interest	287,526	-	-	-	(287,526)	-	(287,526)
Intergovernmental	183,342	-	-	-	(183,342)	-	(183,342)
Total Governmental Activities	31,760,156	3,077,897	1,162,759	-	(27,519,500)	-	(27,519,500)
BUSINESS-TYPE ACTIVITIES:							
Water and sewer services	4,761,007	4,522,957	-	-	-	(238,050)	(238,050)
Total Business-Type Activities	4,761,007	4,522,957	-	-	-	(238,050)	(238,050)
Total	\$ 36,521,163	\$ 7,600,854	\$ 1,162,759	\$ -	(27,519,500)	(238,050)	(27,757,550)
GENERAL REVENUES AND TRANSFERS:							
					21,949,539	-	21,949,539
Property taxes					2,269,482	-	2,269,482
Excises					315,900	-	315,900
Penalties, interest and other taxes							
Grants and contributions not restricted to specific programs					2,476,243	200,084	2,676,327
Investment income					15,869	57,735	73,604
Miscellaneous					123,918	-	123,918
Transfers, net					461,703	(461,703)	-
Total general revenues and transfers					27,612,654	(203,884)	27,408,770
Change in Net Position					93,154	(441,934)	(348,780)
NET POSITION:							
Beginning of year, as restated					7,501,143	33,487,322	40,988,465
End of year					\$ 7,594,297	\$ 33,045,388	\$ 40,639,685

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

TOWN OF WHITMAN, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ 5,012,550	\$ 2,206,175	\$ 7,218,725
Investments	2,480,491	-	2,480,491
Receivables:			
Property taxes	1,678,217	-	1,678,217
Excises	359,612	-	359,612
User fees	180,033	-	180,033
Departmental and other	-	208,548	208,548
Intergovernmental	172,733	5,109	177,842
TOTAL ASSETS	<u>\$ 9,883,636</u>	<u>\$ 2,419,832</u>	<u>\$ 12,303,468</u>
LIABILITIES			
Warrants payable	\$ 685,496	\$ -	\$ 685,496
Accrued liabilities	129,955	-	129,955
Notes payable	-	14,575	14,575
Other liabilities	5,506	-	5,506
TOTAL LIABILITIES	820,957	14,575	835,532
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	2,389,437	208,548	2,597,985
FUND BALANCES			
Nonspendable	-	221,717	221,717
Restricted	-	1,925,685	1,925,685
Committed	2,829,995	50,554	2,880,549
Assigned	37,741	-	37,741
Unassigned	3,805,506	(1,247)	3,804,259
TOTAL FUND BALANCES	<u>6,673,242</u>	<u>2,196,709</u>	<u>8,869,951</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,883,636</u>	<u>\$ 2,419,832</u>	<u>\$ 12,303,468</u>

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

TOWN OF WHITMAN, MASSACHUSETTS

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

JUNE 30, 2017

Total governmental fund balances	\$ 8,869,951
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,567,560
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,226,985
• Deferred outflows of resources related to pensions resulting from projected vs. actual earnings will be recognized as an increase in pension expense in the years ended June 30, 2018 through June 30, 2021.	2,020,796
• Deferred inflows of resources related to pensions resulting from changes in proportion will be recognized as a reduction of pension expense in the years ended June 30, 2018 through June 30, 2021.	(866,044)
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(22,967)
• Long-term liabilities, including bonds payable, capital lease payable, net pension liability, and other post employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(7,317,749)
Net OPEB obligation	(3,760,795)
Net pension liability	(16,479,633)
Capital leases	<u>(643,807)</u>
Net position of governmental activities	\$ <u><u>7,594,297</u></u>

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

TOWN OF WHITMAN, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

	General Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 22,873,776	\$ -	\$ 22,873,776
Excises	1,921,870	-	1,921,870
Penalties, interest, and other taxes	315,900	-	315,900
Charges for services	1,373,384	999,474	2,372,858
Intergovernmental	2,685,503	746,485	3,431,988
Licenses and permits	238,142	-	238,142
Investment income	5,695	10,174	15,869
Miscellaneous	<u>22,017</u>	<u>130,658</u>	<u>152,675</u>
Total Revenues	29,436,287	1,886,791	31,323,078
EXPENDITURES:			
Current:			
General government	1,931,098	21,155	1,952,253
Public safety	6,237,110	68,140	6,305,250
Education	13,487,570	-	13,487,570
Public works	2,117,573	473,643	2,591,216
Health and human services	529,679	216,314	745,993
Culture and recreation	448,860	243,583	692,443
Employee benefits	3,608,199	-	3,608,199
Debt service	998,295	-	998,295
Intergovernmental	183,342	-	183,342
Capital outlay	<u>825,225</u>	<u>-</u>	<u>825,225</u>
Total Expenditures	<u>30,366,951</u>	<u>1,022,835</u>	<u>31,389,786</u>
Excess (deficiency) of revenues over expenditures	(930,664)	863,956	(66,708)
OTHER FINANCING SOURCES (USES):			
Issuance of capital lease	271,016	-	271,016
Transfers in	1,271,072	453	1,271,525
Transfers out	<u>(453)</u>	<u>(809,369)</u>	<u>(809,822)</u>
Total Other Financing Sources (Uses)	<u>1,541,635</u>	<u>(808,916)</u>	<u>732,719</u>
Change in fund balance	610,971	55,040	666,011
Fund Balance, at Beginning of Year	<u>6,062,271</u>	<u>2,141,669</u>	<u>8,203,940</u>
Fund Balance, at End of Year	<u>\$ 6,673,242</u>	<u>\$ 2,196,709</u>	<u>\$ 8,869,951</u>

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

TOWN OF WHITMAN, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2017

Net Changes in Fund Balances - Total Governmental Funds	\$ 666,011																						
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">1,637,969</td> </tr> <tr> <td>Use of deposit on capital asset</td> <td style="text-align: right;">(450,000)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(1,691,105)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">68,094</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Repayments of debt</td> <td style="text-align: right;">710,873</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(271,016)</td> </tr> <tr> <td>Repayments of capital leases</td> <td style="text-align: right;">158,043</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">330</td> </tr> </table> • Pension, OPEB, and the related outflows and inflows are recorded as expenses in the statement of activities, but are not recorded as expenditures in governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Net pension liability</td> <td style="text-align: right;">347,358</td> </tr> <tr> <td>Pension related deferred outflows and inflows</td> <td style="text-align: right;">(729,703)</td> </tr> <tr> <td>Other post-employment benefits</td> <td style="text-align: right;"><u>(353,700)</u></td> </tr> </table> 		Capital outlay	1,637,969	Use of deposit on capital asset	(450,000)	Depreciation	(1,691,105)		68,094	Repayments of debt	710,873	Issuance of capital leases	(271,016)	Repayments of capital leases	158,043		330	Net pension liability	347,358	Pension related deferred outflows and inflows	(729,703)	Other post-employment benefits	<u>(353,700)</u>
Capital outlay	1,637,969																						
Use of deposit on capital asset	(450,000)																						
Depreciation	(1,691,105)																						
	68,094																						
Repayments of debt	710,873																						
Issuance of capital leases	(271,016)																						
Repayments of capital leases	158,043																						
	330																						
Net pension liability	347,358																						
Pension related deferred outflows and inflows	(729,703)																						
Other post-employment benefits	<u>(353,700)</u>																						
Change in Net Position of Governmental Activities	\$ <u>93,154</u>																						

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

TOWN OF WHITMAN, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary <u>Basis</u>)	Variance with Final Budget Positive (<u>Negative</u>)
REVENUES:				
Property taxes	\$ 22,726,992	\$ 22,726,992	\$ 22,644,992	\$ (82,000)
Excise taxes	1,848,500	1,848,500	1,967,440	118,940
Interest, penalties, and other taxes	334,000	334,000	315,900	(18,100)
Licenses and permits	287,000	287,000	238,142	(48,858)
Intergovernmental	2,604,800	2,604,800	2,685,503	80,703
Charges for services	1,139,000	1,139,000	1,185,920	46,920
Investment income	5,200	5,200	8,004	2,804
Other revenues	<u>211,000</u>	<u>211,000</u>	<u>212,492</u>	<u>1,492</u>
Total Revenues	29,156,492	29,156,492	29,258,393	101,901
EXPENDITURES				
General government	2,071,351	2,116,829	1,952,789	164,040
Public safety	6,707,150	6,729,600	6,459,752	269,848
Education	14,002,162	13,960,825	13,614,606	346,219
Public works	2,156,192	2,160,192	2,139,634	20,558
Health and human services	596,937	604,698	544,611	60,087
Culture and recreation	436,140	519,340	437,181	82,159
Debt service	999,468	998,718	998,295	423
Intergovernmental	185,582	185,582	183,342	2,240
Employee benefits	<u>3,549,841</u>	<u>3,549,864</u>	<u>3,468,199</u>	<u>81,665</u>
Total Expenditures	<u>30,704,823</u>	<u>30,825,648</u>	<u>29,798,409</u>	<u>1,027,239</u>
Excess of revenues over expenditures	(1,548,331)	(1,669,156)	(540,016)	1,129,140
OTHER FINANCING SOURCES AND USES:				
Transfers in	1,241,591	1,263,292	1,271,072	7,780
Transfers out	(140,000)	(140,000)	(140,453)	(453)
Other sources (free cash)	610,539	709,663	-	(709,663)
Other uses (snow and ice deficit)	<u>(163,799)</u>	<u>(163,799)</u>	<u>-</u>	<u>163,799</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,603</u>	<u>\$ 590,603</u>

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

TOWN OF WHITMAN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
ASSETS	
Current:	
Cash and short-term investments	\$ 8,442,947
User fees, net of allowance for uncollectibles	<u>1,966,029</u>
Total current assets	10,408,976
Noncurrent:	
Capital assets not being depreciated	637,006
Capital assets, net of accumulated depreciation	<u>29,707,663</u>
Total noncurrent assets	30,344,669
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related	<u>70,043</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	40,823,688
LIABILITIES	
Current:	
Due to other governments	860,000
Accrued liabilities	15,342
Other current liabilities	7,000
Current portion of long-term liabilities:	
Bonds payable	<u>648,382</u>
Total current liabilities	1,530,724
Noncurrent:	
Bonds payable, net of current portion	5,067,538
Net pension liability	571,203
Net OPEB obligation	<u>578,817</u>
Total noncurrent liabilities	6,217,558
DEFERRED INFLOWS OF RESOURCES:	
Pension related	<u>30,018</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,778,300
NET POSITION	
Net investment in capital assets	25,181,100
Unrestricted	<u>7,864,288</u>
TOTAL NET POSITION	\$ <u><u>33,045,388</u></u>

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

TOWN OF WHITMAN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 4,522,957
Total Operating Revenues	<u>4,522,957</u>
OPERATING EXPENSES:	
Salaries and benefits	529,583
Other operating expenses	3,024,831
Depreciation	<u>982,983</u>
Total Operating Expenses	<u>4,537,397</u>
Operating Loss	(14,440)
NONOPERATING REVENUES (EXPENSES):	
Intergovernmental revenue	200,084
Investment income	57,735
Interest expense	<u>(223,610)</u>
Total Nonoperating Revenues (Expenses), Net	<u>34,209</u>
Income Before Transfers	19,769
Transfers out	<u>(461,703)</u>
Change in Net Position	(441,934)
Net Position at Beginning of year, as restated	<u>33,487,322</u>
Net Position at End of year	<u>\$ 33,045,388</u>

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

TOWN OF WHITMAN, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 4,549,479
Payments to vendors	(3,287,393)
Payments to employees	<u>(561,122)</u>
Net Cash Provided By Operating Activities	700,964
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Intergovernmental revenues	200,084
Transfer out	<u>(461,703)</u>
Net Cash (Used For) Noncapital Financing Activities	(261,619)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on bonds and notes	(627,979)
Acquisition and construction of capital assets	(1,076,862)
Interest expense	<u>(224,793)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,929,634)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>57,735</u>
Net Cash Provided by Investing Activities	<u>57,735</u>
Net Change in Cash and Short-Term Investments	(1,432,554)
Cash and Short-Term Investments, Beginning of Year	<u>9,875,501</u>
Cash and Short-Term Investments, End of Year	<u>\$ 8,442,947</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income	\$ (14,440)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	982,983
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
User fees	26,524
Accounts payable	(262,562)
Net pension liability	(140,884)
Deferred outflows	13,814
Deferred inflows	25,907
Net OPEB obligation	<u>69,622</u>
Net Cash Provided By Operating Activities	<u>\$ 700,964</u>

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

TOWN OF WHITMAN, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	Other Post- Employment Benefits <u>Trust Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ -	\$ 198,226	\$ 107,734
Due from external parties- governmental funds	-	-	201,957
Investments:			
External investment pool	180,561	-	-
Equities	<u>-</u>	<u>192,367</u>	<u>-</u>
Total assets	180,561	390,593	309,691
LIABILITIES AND NET ASSETS			
Other liabilities	<u>-</u>	<u>-</u>	<u>309,691</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>309,691</u>
NET POSITION			
Net position	<u>\$ 180,561</u>	<u>\$ 390,593</u>	<u>\$ -</u>

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

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

	<u>Other Post- Employment Benefits Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS:		
Contributions	\$ 681,909	\$ -
Investment income	<u>19,531</u>	<u>5,513</u>
Total additions	701,440	5,513
DEDUCTIONS:		
Other	<u>541,909</u>	<u>8,020</u>
Total deductions	<u>541,909</u>	<u>8,020</u>
Net	159,531	(2,507)
NET POSITION:		
Beginning of year	<u>21,030</u>	<u>393,100</u>
End of year	<u>\$ 180,561</u>	<u>\$ 390,593</u>

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

TOWN OF WHITMAN, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 fund:

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

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

The Town reports the following major proprietary fund:

- The *enterprise fund* is used to account for the operation of Town wells and the Town Water System, as well as the operation of Town sewer lines and treatment plants.

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 *post-employment insurance liability trust fund* is used to account for funds to offset the anticipated cost of premium payments for or direct payments to be made to retired employees of the Town, and to any eligible surviving spouse of or dependents of deceased employees of the Town.
- 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 are considered holdings of greater than three months and are reported 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 \$713,500.

G. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

H. Capital Assets

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

historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Machinery, equipment and furnishings	5

I. Long-Term Obligations

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

J. Fund Equity

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

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

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

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

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

Net Position - Net position represents the difference between assets 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. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

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

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

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

The budgetary data for the general and proprietary funds 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)	\$ 29,436,287	\$ 30,366,951
Other financing sources/uses (GAAP Basis)	<u>1,542,088</u>	<u>453</u>
Subtotal (GAAP Basis)	30,978,375	30,367,404
Adjust tax revenue to accrual basis	(221,713)	-
Reverse expenditure of beginning of the year carryforwards	-	(183,866)
Add expenditure for end of the year carryforwards	-	29,336
To remove gross up for issuance of capital leases	(271,016)	(271,016)
To reverse nonbudgeted activity	<u>43,819</u>	<u>(2,996)</u>
Budgetary Basis	<u>\$ 30,529,465</u>	<u>\$ 29,938,862</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the 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 Town does not have a deposit policy for custodial credit risk.

As of June 30, 2017, none of the Town's bank balance of \$16,087,006 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 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):

Investment Type	Fair Value	Exempt From Disclosure	Rating as of Year-end	
			Aaa	Baa1
Federal agencies	\$ 922,248	\$ -	\$ 922,248	\$ -
Corporate equities	192,367	192,367	-	-
U.S. Treasury notes	378,720	-	378,720	-
Certificates of deposits	653,948	653,948	-	-
Corporate bonds	394,655	-	-	394,655
Bond mutual funds	130,920	-	130,920	-
Investment pools	180,561	180,561	-	-
Total investments	\$ <u>2,853,419</u>	\$ <u>1,026,876</u>	\$ <u>1,431,888</u>	\$ <u>394,655</u>

B. Custodial Credit Risk

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

The Town's investments are exposed to custodial credit risk as uninsured and uncollateralized. The Town manages this custodial credit risk with Securities Investor Protection Corporation (SIPC) for \$2,672,858, and \$180,561 is invested in Plymouth County OPEB Trust.

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. The Town does not have investments in any one issuer (other than U.S. treasuries, government agency securities, mutual funds and external investment pools) that represent 5% or more of total investments.

D. Interest Rate Risk

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Debt-related securities:			
Federal agencies	\$ 922,248	\$ -	\$ 922,248
U.S. Treasury notes	378,720	-	378,720
Corporate bonds	394,655	189,791	204,864
Bond mutual funds	<u>130,920</u>	<u>130,920</u>	<u>-</u>
Total	<u>\$ 1,826,543</u>	<u>\$ 320,711</u>	<u>\$ 1,505,832</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's policy for foreign currency risk states the Town will not invest in any investment exposed to foreign currency risk.

F. Fair Value

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

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

Description	Fair Value Measurements Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt securities:				
U.S. Treasury securities	\$ 378,720	\$ -	\$ 378,720	\$ -
Federal securities	922,248	-	922,248	-
Corporate bonds	394,655	-	394,655	-
Equity Securities:				
Corporate equities	192,367	192,367	-	-
Mutual funds	130,920	180,561	-	-
Investments measured at the net asset value (NAV):				
External investment pool	<u>180,561</u>	<u>180,561</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,199,471</u>	<u>\$ 553,489</u>	<u>\$ 1,695,623</u>	<u>\$ -</u>
Redemption Frequency (If currently eligible)				
Redemption Notice Period				
Description	Value	Unfunded Commitments		
External investment pool	\$ 180,561	\$ -	Monthly	30 days

5. Taxes and Excises Receivable

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

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

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

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

Taxes and excise receivables at June 30, 2017 consist of the following, net of an estimated allowance for doubtful accounts in the government-wide financial statements:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 644,485	\$ (107,000)	\$ 537,485
Personal property taxes	29,961	(24,000)	5,961
Tax liens	<u>1,003,771</u>	<u>(93,000)</u>	<u>910,771</u>
Total property taxes	1,678,217	(224,000)	1,454,217
Motor vehicle excise	356,308	(128,000)	228,308
Boat excise	<u>3,304</u>	<u>(2,000)</u>	<u>1,304</u>
Total excises	<u>359,612</u>	<u>(130,000)</u>	<u>229,612</u>
Grand total	<u>\$ 2,037,829</u>	<u>\$ (354,000)</u>	<u>\$ 1,683,829</u>

6. User Fees Receivable

The Town provides solid waste collection services. The activity related to the collection and disposal of solid waste is recorded in the Town's general fund. Receivables at year end are as follows, net of an allowance for doubtful accounts in the government-wide financial statements:

	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Solid waste fees	\$ 180,033	\$ (17,000)	\$ 163,033

The Town provides public water and sewer services. Bills are mailed semi-annually and cover both water and sewer charges. Interest at an annual rate of 14% is computed daily, and is assessed to all payments received after the original due date. Demand bills are issued for all unpaid water/sewer bills and a \$10 demand fee is assessed. Receivables at year end include \$908,453 for services billed and \$1,057,576 for services not yet billed as of June 30, 2017.

7. Intergovernmental Receivables

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

8. Interfund Fund Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2017:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,271,072	\$ 453
Nonmajor Funds:		
Special Revenue Funds:		
Revolving Funds	-	4,481
Ambulance Service	-	736,125
Receipts Reserved	<u>453</u>	<u>68,763</u>
Subtotal Nonmajor Funds	453	809,369
<u>Enterprise Funds:</u>		
Water/Sewer Fund	<u>-</u>	<u>461,703</u>
Grand Total	<u>\$ 1,271,525</u>	<u>\$ 1,271,525</u>

Transfers from the enterprise fund to the general fund primarily reflect annual budgetary actions intended to reimburse the general fund for multiple enterprise-related overhead costs which were initially appropriated and expended in the general fund. Transfers out from the Ambulance Service Fund to the General Fund of \$736,125 are used to fund fire salaries, leases, and other various public safety expenditures appropriated in the General Fund. The Ambulance Service Fund generates approximately \$750,000 in revenues annually.

The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

9. Capital Assets

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,244	\$ 37	\$ -	\$ 19,281
Machinery, equipment, furnishings, and vehicles	6,447	1,293	-	7,740
Infrastructure	35,788	308	-	36,096
	<u>61,479</u>	<u>1,638</u>	<u>-</u>	<u>63,117</u>
Total capital assets, being depreciated	61,479	1,638	-	63,117
Less accumulated depreciation for:				
Buildings and improvements	(8,814)	(487)	-	(9,301)
Machinery, equipment, furnishings, and vehicles	(5,090)	(332)	-	(5,422)
Infrastructure	(25,863)	(872)	-	(26,735)
	<u>(39,767)</u>	<u>(1,691)</u>	<u>-</u>	<u>(41,458)</u>
Total accumulated depreciation	(39,767)	(1,691)	-	(41,458)
Total capital assets, being depreciated, net	21,712	(53)	-	21,659
Capital assets, not being depreciated:				
Land	1,794	-	-	1,794
Art and historical treasure	115	-	-	115
	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,909</u>
Total capital assets, not being depreciated	1,909	-	-	1,909
Governmental activities capital assets, net	<u>\$ 23,621</u>	<u>\$ (53)</u>	<u>\$ -</u>	<u>\$ 23,568</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,047	\$ -	\$ -	\$ 5,047
Machinery, equipment, furnishings, and vehicles	770	71	-	841
Infrastructure	<u>46,620</u>	<u>1,006</u>	<u>-</u>	<u>47,626</u>
Total capital assets, being depreciated	52,437	1,077	-	53,514
Less accumulated depreciation for:				
Buildings and improvements	(2,962)	(128)	-	(3,090)
Machinery, equipment, furnishings, and vehicles	(693)	(15)	-	(708)
Infrastructure	<u>(19,168)</u>	<u>(840)</u>	<u>-</u>	<u>(20,008)</u>
Total accumulated depreciation	<u>(22,823)</u>	<u>(983)</u>	<u>-</u>	<u>(23,806)</u>
Total capital assets, being depreciated, net	29,614	94	-	29,708
Capital assets, not being depreciated:				
Land	<u>637</u>	<u>-</u>	<u>-</u>	<u>637</u>
Total capital assets, not being depreciated	<u>637</u>	<u>-</u>	<u>-</u>	<u>637</u>
Business-type activities capital assets, net	<u>\$ 30,251</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 30,345</u>

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

Governmental Activities:	
General government	\$ 210
Public safety	418
Education	10
Public works	1,028
Culture and recreation	4
Health and human services	<u>21</u>
Total depreciation expense - governmental activities	<u>\$ 1,691</u>
Business-Type Activities	<u>\$ 983</u>

10. Warrants Payable

Warrants payable represent 2017 expenditures paid by July 15, 2017.

11. Notes Payable

The Town had the following anticipation notes outstanding at June 30, 2017.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
State Revolving Loan (MWPAT)	0.00%	6/28/13	Upon Construction Completion	\$ 14,575	\$ -	\$ -	\$ 14,575
Total				\$ 14,575	\$ -	\$ -	\$ 14,575

12. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in various years through 2017. Future minimum lease payments under capital leases consisted of the following as of June 30, 2017:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2018	\$ 152,570
2019	140,787
2020	110,526
2020	110,526
2021	110,526
2022-2023	<u>70,927</u>
Total minimum lease payments	695,862
Less amounts representing interest	<u>(52,055)</u>
Present value of minimum lease payments	\$ <u>643,807</u>

13. Long-Term Debt

A. General Obligation Bonds

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

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
<u>Governmental Activities:</u>			
MWPAT 97-1154 series 5	08/01/19	4.10 - 5.75%	\$ 11,442
MWPAT 97-1154 series 2	08/01/24	5.00 - 5.25%	16,307
General obligation - police, fire, town hall	06/01/30	3.00 - 5.00%	6,825,000
General obligation - refunding bond	12/15/19	1.00 - 1.50%	<u>465,000</u>
Total Governmental Activities:			\$ <u>7,317,749</u>

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
<u>Business-Type Activities:</u>			
MWPAT DW-01-20 series 8	08/01/22	3.00 - 5.25%	\$ 1,970,592
MWPAT DW-99-22 series 6	06/30/21	4.50 - 5.50%	524,999
General obligation - water refunding	12/15/19	1.00 - 1.50%	125,000
General obligation - water	05/15/35	2.00 - 5.00%	2,700,000
MWPAT CWS - 0819 series 15	07/15/30	2.00%	188,585
MWPAT CWS - 0819 series 16	07/15/30	2.00%	<u>206,744</u>
Total Business-Type Activities:			\$ <u>5,715,920</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	\$ 695,873	\$ 265,077	\$ 960,950
2019	690,873	241,723	932,596
2020	670,873	213,025	883,898
2021	527,059	196,018	723,077
2022	527,059	179,508	706,567
2023 - 2027	2,631,012	621,916	3,252,928
2028 - 2031	<u>1,575,000</u>	<u>126,000</u>	<u>1,701,000</u>
Total	\$ <u>7,317,749</u>	\$ <u>1,843,267</u>	\$ <u>9,161,016</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 648,382	\$ 200,340	\$ 848,722
2019	658,819	180,916	839,735
2020	674,265	138,924	813,189
2021	644,721	114,248	758,969
2022	520,187	98,030	618,217
2023 - 2027	1,245,496	309,332	1,554,828
2028 - 2032	874,050	176,022	1,050,072
2031 - 2035	<u>450,000</u>	<u>36,000</u>	<u>486,000</u>
Total	\$ <u>5,715,920</u>	\$ <u>1,253,812</u>	\$ <u>6,969,732</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			Total	Less	Equals
	Balance			Balance	Current	Long-Term
	<u>7/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/17</u>	<u>Portion</u>	<u>6/30/17</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 8,029	\$ -	\$ (711)	\$ 7,318	\$ (696)	\$ 6,622
Net pension liability	16,827	-	(347)	16,480	-	16,480
Net OPEB obligation	3,407	1,007	(653)	3,761	-	3,761
Capital leases	<u>530</u>	<u>271</u>	<u>(157)</u>	<u>644</u>	<u>(137)</u>	<u>507</u>
Totals	\$ <u>28,793</u>	\$ <u>1,278</u>	\$ <u>(1,868)</u>	\$ <u>28,203</u>	\$ <u>(833)</u>	\$ <u>27,370</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 6,344	\$ -	\$ (628)	\$ 5,716	\$ (648)	\$ 5,068
Net pension liability	712	-	(141)	571	-	571
Net OPEB obligation	<u>509</u>	<u>99</u>	<u>(29)</u>	<u>579</u>	<u>-</u>	<u>579</u>
Totals	\$ <u>7,565</u>	\$ <u>99</u>	\$ <u>(798)</u>	\$ <u>6,866</u>	\$ <u>(648)</u>	\$ <u>6,218</u>

14. 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.

15. Governmental Funds - Balances

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

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

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

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, special purpose stabilization and other reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements.

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. This fund balance classification also includes the use of free cash to cover projected budgetary shortfall in the subsequent period. The Town follows an informal policy that permits management to assign fund balance amounts to a specific purpose, although fund balance to be applied against a subsequent year's budget is voted by Town Meeting.

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

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

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 221,717	\$ 221,717
Total Nonexpendable	-	221,717	221,717
Restricted			
State grants	-	108,212	108,212
Receipts reserved	-	335,891	335,891
Ambulance service	-	948,144	948,144
Revolving funds	-	167,115	167,115
Other special revenue funds	-	57,426	57,426
Expendable permanent funds	-	308,897	308,897
Total Restricted	-	1,925,685	1,925,685
Committed			
Town Hall HVAC System	-	50,554	50,554
Capital	1,538,736	-	1,538,736
Debt service	783,563	-	783,563
Technology	837	-	837
Regional schools	6,276	-	6,276
Articles	500,583	-	500,583
Total Committed	2,829,995	50,554	2,880,549
Assigned			
Town Encumbrances	37,741	-	37,741
Total Assigned	37,741	-	37,741
Unassigned ¹	3,805,506	(1,247)	3,804,259
Total Fund Balance	\$ 6,673,242	\$ 2,196,709	\$ 8,869,951

¹ Includes general stabilization of \$2,575,544

16. 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 are members of the Plymouth County Contributory Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides

pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 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/City 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 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 \$1,812,841, 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 carried at market value except certificates of deposit which are reported at cost.

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 \$17,050,836 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Town's proportion was 2.6915 percent, which was a decrease of 0.0735 percent compared to the prior year.

For the year ended June 30, 2017, the Town recognized pension expense of \$2,094,023. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 1,646,042	\$ -
Differences between expected and actual experience	444,797	-
Changes in assumptions	-	485,946
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	410,116
Total	<u>\$ 2,090,839</u>	<u>\$ 896,062</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:	Deferred Outflows (Inflows) of Resources
2018	\$ 458,535
2019	458,535
2020	277,694
2021	13
Total	<u>\$ 1,194,777</u>

D. Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and three years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

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

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

best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	Long-term Expected Nominal <u>Rate of Return</u>	Long-term Expected Asset <u>Allocation</u>
US equity	7.5%	26.5%
Developed markets equity	7.3%	16.0%
Emerging markets equity	9.8%	4.0%
Core bonds	4.2%	11.5%
Foreign bonds	2.4%	3.0%
Emerging markets bonds	5.5%	4.0%
High yield bonds	6.0%	4.0%
Bank loans	5.5%	3.0%
Private equity	9.6%	10.0%
Real estate	6.9%	10.0%
Natural resources	7.0%	1.0%
Infrastructure	7.8%	2.0%
Hedge funds of funds	5.3%	4.0%
Cash	2.8%	1.0%
Total		<u>100.0%</u>

E. Discount Rate

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

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

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

<u>Fiscal Year Ended</u>	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
June 30, 2017	\$ 21,314,071	\$ 17,050,836	\$ 13,416,595

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. Other Post-Employment Benefits – Town

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

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of July 1, 2016, the actuarial valuation date, approximately 126 retirees and 103 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 25% 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, 2016.

Annual Required Contribution (ARC)	\$ 1,111,263
Interest on net OPEB obligation	215,396
Adjustment to ARC	(255,414)
Amortization of actuarial (gains)/losses	<u>33,986</u>
Annual OPEB cost	1,105,231
Contributions made	<u>(681,909)</u>
Increase in net OPEB obligation	423,322
Net OPEB obligation - beginning of year	<u>3,916,290</u>
Net OPEB obligation - end of year	\$ <u><u>4,339,612</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 1,105,231	62%	\$ 4,339,612
2016	\$ 1,191,985	48%	\$ 3,916,290
2015	\$ 1,147,072	51%	\$ 3,297,665
2014	\$ 1,140,538	57%	\$ 2,734,584
2013	\$ 1,099,086	60%	\$ 2,248,179
2012	\$ 1,101,696	65%	\$ 1,809,807
2011	\$ 1,051,780	67%	\$ 1,427,698
2010	\$ 1,113,081	56%	\$ 1,084,137
2009	\$ 1,177,566	50%	\$ 592,583

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 11,983,127
Actuarial value of plan assets	<u>(21,030)</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u><u>11,962,097</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0.18%</u></u>
Covered payroll (active plan members)	\$ <u><u>7,934,421</u></u>
UAAL as a percentage of covered payroll	<u><u>150.8%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of OPEB Funding Progress, presented as required supplementary information following the Notes to 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, 2016 actuarial valuation, the individual entry age method was used. The actuarial value of assets was not determined, as the Town has not advanced funded its obligation. The actuarial assumptions included a 5.5% investment rate of return and an initial annual healthcare cost trend rate of 5.0% annually. 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 3.0%.

18. Other Post-Employment Benefits – OPEB Trust Fund

The Governmental Accounting Standards Board (GASB) has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans, replacing Statement No. 43 and 47, which was required to be implemented for fiscal year 2017. Included are requirements for defined contribution OPEB plans that replace the requirement for those OPEB plans in Statement No. 25, 43 and 50.

On May 2, 2011, the Town adopted MGL Chapter 32B, Section 20, which established an OPEB Trust fund to provide funding for future employee health care costs.

Investments

The OPEB Trust fund does not have a formal investment policy. At June 30, 2017, all assets of the trust fund were invested in the Plymouth County OPEB Trust Program (PCOT). Concentration and rate of return information was not available.

Net OPEB Liability

The components of the net OPEB liability were as follows:

Total OPEB liability	\$	12,392,235
Plan fiduciary net position		<u>(180,561)</u>
Net OPEB liability	\$	<u>12,211,674</u>

Plan fiduciary net position as a percentage of the total OPEB liability	1.46%
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A. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, annually and for future periods
Investment rate of return	7.20 percent, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table projected generationally with scale BB and a base year 2009 for males and females. Disabled mortality rates were based on the RP-2000 Mortality Table projected generationally with scale BB and a base year 2009 for males and females

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - large cap	25.00%	4.00%
Domestic equity - small/mid cap	11.00%	6.00%
International equity - developed market	27.00%	4.50%
International equity - emerging market	7.00%	7.00%
Domestic fixed income	15.00%	2.00%
International fixed income	5.00%	3.00%
Alternatives	2.50%	6.50%
Real estate	7.50%	6.25%
Total	<u>100.00%</u>	

B. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan member will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

C. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50 percent) or 1-percentage-point higher (6.50 percent) than the current discount rate:

<u>1% Decrease (4.50%)</u>	<u>Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
\$ 14,031,839	\$ 12,211,674	\$ 10,744,838

D. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (5.00 percent increasing to 6.00 percent) than the current healthcare cost trend rates:

<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rates (5.00%)</u>	<u>1% Increase (6.00%)</u>
\$ 10,923,451	\$ 12,211,674	\$ 13,820,879

19. Commitments and Contingencies

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

Abatements – There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to Town’s counsel, the probable outcome of these cases at the present time is indeterminable, although the Town expects such amounts, if any, to be immaterial.

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.

20. Beginning Net Position Restatement

The Town’s beginning net position has been restated from the previous fiscal year to remove the receivable from MW PAT for loan subsidies. The beginning (July 1, 2016) net position of the Town has been restated as follows for business-type activities: the Water/Sewer enterprise fund.

As previously reported	\$ 34,369,939
Receivable elimination	<u>(882,617)</u>
As restated	<u>\$ 33,487,322</u>

21. 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. Management’s current assessment is that this pronouncement will have an impact by increasing net OPEB liability, and as a result, decreasing the unrestricted net position on the government-wide financial statements.

TOWN OF WHITMAN, MASSACHUSETTS
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017
(Unaudited)

Plymouth County Contributory 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	June 30, 2016	2.6915%	\$17,050,836	\$ 6,659,296	256.05%	58.3%
June 30, 2016	June 30, 2015	2.7650%	\$17,539,078	\$ 6,618,086	265.02%	56.8%
June 30, 2015	June 30, 2014	2.8436%	\$16,119,908	\$ 7,015,266	229.78%	58.9%

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

See Independent Auditors' Report.

TOWN OF WHITMAN, MASSACHUSETTS

**SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017
(Unaudited)**

Plymouth County Contributory Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 1,812,841	\$ 1,812,841	\$ -	\$ 6,659,296	27.22%
June 30, 2016	\$ 1,765,248	\$ 1,765,248	\$ -	\$ 6,618,086	26.67%
June 30, 2015	\$ 1,599,987	\$ 1,599,987	\$ -	\$ 7,015,266	22.81%

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

See Independent Auditors' Report.

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

June 30, 2017

(Unaudited)
(Amounts Expressed in thousands)

Other Post-Employment Benefits

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>
07/01/16	\$ 21,030	\$ 11,983,127	\$ 11,962,097	0.2%	\$ 7,934,421	150.8%
07/01/14	\$ 11,034	\$ 13,332,573	\$ 13,321,539	0.1%	\$ 7,344,900	181.4%
07/01/12	\$ 6,012	\$ 13,188,747	\$ 13,182,735	0.0%	\$ 7,138,308	184.7%
07/01/10	\$ -	\$ 12,996,490	\$ 12,996,490	0.0%	\$ 6,317,856	205.7%
07/01/08	\$ -	\$ 13,690,122	\$ 13,690,122	0.0%	\$ 4,921,115	278.2%

See Independent Auditors' Report.

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

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

(Unaudited)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 249,435
Interest on unfunded liability - time value of \$	658,088
Changes of benefit terms	-
Differences between expected and actual experience	43,494
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(541,909)</u>
Net change in total OPEB liability	409,108
Total OPEB liability - beginning	<u>11,983,127</u>
Total OPEB liability - ending (a)	<u>\$ 12,392,235</u>
 Plan fiduciary net position	
Contributions - employer	\$ 681,909
Contributions - member	-
Net investment income	19,531
Benefit payments, including refunds of member contributions	(541,909)
Administrative expense	-
Other	<u>-</u>
Net change in plan fiduciary net position	159,531
Plan fiduciary net position - beginning	<u>21,030</u>
Plan fiduciary net position - ending (b)	<u>\$ 180,561</u>
 Net OPEB liability (asset) - ending (a-b)	<u>\$ 12,211,674</u>

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

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

See Independent Auditors' Report.

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

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

(Unaudited)

Schedule of Net OPEB Liability

	<u>2017</u>
Total OPEB liability	\$ 12,392,235
Plan fiduciary net position	<u>180,561</u>
Net OPEB liability (asset)	<u>\$ 12,211,674</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.46%
Covered payroll	\$ 7,934,421
Participating employer net OPEB liability (asset) as a percentage of covered payroll	153.91%

Schedule of Contributions

	<u>2017</u>
Actuarially determined contribution	\$ 1,029,584
Contributions in relation to the actuarially determined contribution	<u>681,909</u>
Contribution deficiency (excess)	<u>\$ 347,675</u>
Covered payroll	\$ 7,934,421
Contributions as a percentage of covered payroll	8.59%

Schedule of Investment Returns

	<u>2017</u>
Annual money weighted rate of return, net of investment expense	16.14%

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

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

See Independent Auditors' Report.