

**TOWN OF WHITMAN, MASSACHUSETTS**

**Annual Financial Statements**

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

**TOWN OF WHITMAN, MASSACHUSETTS**

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

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

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

### **Auditors' Responsibility**

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

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules appearing on pages 54 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 20, 2019

## **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, 2018.

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

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

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

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

The Statement of Activities presents information showing how the 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, govern-

mental 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 \$31,893,858 (i.e., net position), a change of \$(1,082,111) 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 \$9,099,140, a change of \$229,189 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,817,448, a change of \$11,942 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.

	<b><u>NET POSITION (in thousands)</u></b>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 12,351	\$ 11,932	\$ 12,294	\$ 10,409	\$ 24,645	\$ 22,341
Capital assets	<u>22,572</u>	<u>23,568</u>	<u>29,743</u>	<u>30,345</u>	<u>52,315</u>	<u>53,913</u>
Total assets	34,923	35,500	42,037	40,754	76,960	76,254
Deferred outflows of resources	553	2,021	19	70	572	2,091
Current liabilities	2,038	1,692	1,747	1,531	3,785	3,223
Noncurrent liabilities	<u>32,116</u>	<u>27,369</u>	<u>8,520</u>	<u>6,218</u>	<u>40,636</u>	<u>33,587</u>
Total liabilities	34,154	29,061	10,267	7,749	44,421	36,810
Deferred inflows of resources	1,176	866	41	30	1,217	896
Net position:						
Net investment in capital assets	15,298	15,606	22,062	25,181	37,360	40,787
Restricted	2,252	2,357	-	-	2,252	2,357
Unrestricted	<u>(17,404)</u>	<u>(10,369)</u>	<u>9,686</u>	<u>7,864</u>	<u>(7,718)</u>	<u>(2,505)</u>
Total net position	\$ <u>146</u>	\$ <u>7,594</u>	\$ <u>31,748</u>	\$ <u>33,045</u>	\$ <u>31,894</u>	\$ <u>40,639</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$31,893,858, a change of \$(1,082,111) from the prior year, as restated.

The largest portion of net position, \$37,360,738, 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, \$2,251,703, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit of \$(7,718,583) primarily resulting from the Town's unfunded net pension and OPEB liabilities (see Notes 17 and 18).

**CHANGES IN NET POSITION (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,118	\$ 3,078	\$ 4,513	\$ 4,523	\$ 7,631	\$ 7,601
Operating grants and contributions	1,058	1,163	-	-	1,058	1,163
General revenues:						
Property taxes	23,398	21,950	-	-	23,398	21,950
Excises	2,389	2,269	-	-	2,389	2,269
Penalties and interest on taxes	345	316	-	-	345	316
Grants and contributions not restricted to specific programs	2,563	2,476	195	200	2,758	2,676
Investment income	26	16	100	58	126	74
Other	185	124	202	-	387	124
Total revenues	<u>33,082</u>	<u>31,392</u>	<u>5,010</u>	<u>4,781</u>	<u>38,092</u>	<u>36,173</u>
Expenses:						
General government	2,677	2,776	-	-	2,677	2,776
Public safety	9,864	9,673	-	-	9,864	9,673
Education	15,088	13,497	-	-	15,088	13,497
Public works	3,493	3,571	-	-	3,493	3,571
Human services	857	911	-	-	857	911
Culture and recreation	809	861	-	-	809	861
Interest on long-term debt	261	288	-	-	261	288
Intergovernmental	188	184	-	-	188	184
Water and sewer	-	-	5,937	4,761	5,937	4,761
Total expenses	<u>33,237</u>	<u>31,761</u>	<u>5,937</u>	<u>4,761</u>	<u>39,174</u>	<u>36,522</u>
Change in net position before transfers	(155)	(369)	(927)	20	(1,082)	(349)
Transfers in (out)	<u>(11)</u>	<u>462</u>	<u>11</u>	<u>(462)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(166)	93	(916)	(442)	(1,082)	(349)
Net position - beginning of year, as restated	<u>312</u>	<u>7,501</u>	<u>32,664</u>	<u>33,487</u>	<u>32,976</u>	<u>40,988</u>
Net position - end of year	<u>\$ 146</u>	<u>\$ 7,594</u>	<u>\$ 31,748</u>	<u>\$ 33,045</u>	<u>\$ 31,894</u>	<u>\$ 40,639</u>

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

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$(165,828). Key elements of this change are as follows:

General fund operating results	\$ 161,918
Nonmajor funds - accrual basis	590,659
Excess depreciation over principal maturities, a budgeted expense	(1,062,671)
Change in other post employment benefits liability and related deferred outflows/inflows	(177,737)
Change in net pension liability and related deferred outflows/inflows	425,108
Other	<u>(103,105)</u>
Total	<u>\$ (165,828)</u>

**Business-type activities.** Unrestricted net position of the water-sewer enterprise fund at the end of the year amounted to \$9,685,600, a change of \$2,202,765 in comparison to the prior year, as restated. The activities for the year resulted in a change in net position of \$(916,283). The decrease in net position is primarily due to depreciation expense in excess of debt service payments.

#### **D. FINANCIAL ANALYSIS OF FUNDS**

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$9,099,140, a change of \$229,189 in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 161,918
Nonmajor funds operating results	<u>67,271</u>
Total	<u>\$ 229,189</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,817,448, while total fund balance was \$6,835,160. As a measure of the general fund's liquidity, it may be useful to

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

<u>General Fund</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance <sup>1</sup>	\$ 3,817,448	\$ 3,805,506	\$ 11,942	12.0%
Total fund balance <sup>2</sup>	\$ 6,835,160	\$ 6,673,242	\$ 161,918	21.4%

<sup>1</sup> Includes General Stabilization fund of \$2,570,478.

<sup>2</sup> Includes General, Capital, and Technology Stabilization funds.

The total fund balance of the general fund changed by \$161,918 during the current fiscal year. Key factors in this change are as follows:

Use of free cash	\$ (1,013,508)
Prior year snow and ice deficit	149,472
Excess of state and local revenues over budget	426,649
Budgetary appropriation surplus	600,971
Shortfall tax collections over budget	(44,831)
Excess of current year encumbered appropriations to be spent in subsequent year over prior year encumbrances spent in the current year	618,251
Decrease in stabilization fund balances	(551,362)
Other	(23,724)
<b>Total</b>	<b>\$ 161,918</b>

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

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
General stabilization (unassigned)	\$ 2,570,478	\$ 2,575,544	\$ (5,066)
Capital stabilization (committed)	999,766	1,546,119	(546,353)
Regional schools capital stabilization (committed)	6,327	6,277	50
Technology stabilization (committed)	844	837	7
<b>Total</b>	<b>\$ 3,577,415</b>	<b>\$ 4,128,777</b>	<b>\$ (551,362)</b>

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$9,685,600, a change of \$2,202,765 in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

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

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$903,416. Major reasons for these amendments include:

- \$ 27,768 increase in general government appropriations
- \$ 212,800 increase in public safety appropriations
- \$ 234,003 increase in education appropriations
- \$ 51,299 increase in public works appropriations
- \$ (20,795) decrease in health and human services appropriations
- \$ 14,404 increase in culture and recreation
- \$ 7,475 increase in employee benefits appropriations
- \$ 376,462 increase in capital outlay appropriations

Of this increase, \$673,471 was funded from transfers from other funds, and \$229,945 was funded by the use of free cash.

Additionally, there were other budgetary reclassifications which had no impact on the Town's total budget but are reflected above.

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

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$52,315,288 (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 highway 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 by Moody's for general obligation debt.

**Long-term debt.** At the end of the current fiscal year, total bonded debt and loans outstanding was \$14,509,416, 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 Administrator  
Town of Whitman  
54 South Avenue - P.O. Box 426  
Whitman, MA 02382-0426

TOWN OF WHITMAN, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 7,649,560	\$ 10,379,522	\$ 18,029,082
Investments	2,570,477	-	2,570,477
Receivables, net of allowance for uncollectibles:			
Property taxes	616,449	-	616,449
Excises	228,863	-	228,863
User fees	156,054	1,914,217	2,070,271
Departmental and other	133,998	-	133,998
Intergovernmental	<u>96,206</u>	<u>-</u>	<u>96,206</u>
Total current assets	11,451,607	12,293,739	23,745,346
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	899,657	-	899,657
Capital assets not being depreciated	1,909,621	637,006	2,546,627
Capital assets, net of accumulated depreciation	<u>20,662,368</u>	<u>29,106,293</u>	<u>49,768,661</u>
Total noncurrent assets	23,471,646	29,743,299	53,214,945
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pensions	<u>553,004</u>	<u>19,168</u>	<u>572,172</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
	35,476,257	42,056,206	77,532,463
<b>LIABILITIES</b>			
Current:			
Warrants payable	614,156	-	614,156
Due to other governments	-	850,000	850,000
Accrued liabilities	242,032	26,810	268,842
Notes payable	294,575	-	294,575
Other current liabilities	6,108	7,000	13,108
Current portion of long-term liabilities:			
Bonds payable	690,873	863,819	1,554,692
Other	<u>189,852</u>	<u>-</u>	<u>189,852</u>
Total current liabilities	2,037,596	1,747,629	3,785,225
Noncurrent:			
Bonds payable, net of current portion	5,931,003	7,023,721	12,954,724
Net pension liability	14,286,617	495,191	14,781,808
Net OPEB liability	11,210,938	1,000,736	12,211,674
Other, net of current portion	<u>687,880</u>	<u>-</u>	<u>687,880</u>
Total noncurrent liabilities	32,116,438	8,519,648	40,636,086
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pensions	1,166,160	40,420	1,206,580
Related to OPEB	<u>9,857</u>	<u>857</u>	<u>10,714</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
	35,330,051	10,308,554	45,638,605
<b>NET POSITION</b>			
Net investment in capital assets	15,298,686	22,062,052	37,360,738
Restricted for:			
Grants and other statutory restrictions	1,744,467	-	1,744,467
Permanent funds:			
Nonexpendable	221,717	-	221,717
Expendable	285,519	-	285,519
Unrestricted	<u>(17,404,183)</u>	<u>9,685,600</u>	<u>(7,718,583)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 146,206</u>	<u>\$ 31,747,652</u>	<u>\$ 31,893,858</u>

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

TOWN OF WHITMAN, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<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>
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 2,677,470	\$ 448,495	\$ 364,643	\$ -	\$ (1,864,332)	\$ -	\$ (1,864,332)
Public safety	9,864,657	760,979	31,348	-	(9,072,330)	-	(9,072,330)
Education	15,087,965	-	80,484	-	(15,007,481)	-	(15,007,481)
Public works	3,492,911	1,781,256	560,106	-	(1,151,549)	-	(1,151,549)
Health and human services	857,439	31,171	14,618	-	(811,650)	-	(811,650)
Culture and recreation	808,535	96,498	6,600	-	(705,437)	-	(705,437)
Interest	260,863	-	-	-	(260,863)	-	(260,863)
Intergovernmental	187,419	-	-	-	(187,419)	-	(187,419)
Total Governmental Activities	33,237,259	3,118,399	1,057,799	-	(29,061,061)	-	(29,061,061)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water and sewer services	5,937,317	4,512,964	-	-	-	(1,424,353)	(1,424,353)
Total Business-Type Activities	5,937,317	4,512,964	-	-	-	(1,424,353)	(1,424,353)
Total	\$ 39,174,576	\$ 7,631,363	\$ 1,057,799	\$ -	(29,061,061)	(1,424,353)	(30,485,414)
<b>GENERAL REVENUES AND TRANSFERS:</b>							
Property taxes					23,397,690	-	23,397,690
Excises					2,388,951	-	2,388,951
Penalties, interest and other taxes					344,691	-	344,691
Grants and contributions not restricted to specific programs					2,563,599	195,268	2,758,867
Investment income					26,332	99,825	126,157
Miscellaneous					184,987	201,960	386,947
Transfers, net					(11,017)	11,017	-
Total general revenues and transfers					28,895,233	508,070	29,403,303
Change in Net Position					(165,828)	(916,283)	(1,082,111)
<b>NET POSITION:</b>							
Beginning of year, as restated					312,034	32,663,935	32,975,969
End of year					\$ 146,206	\$ 31,747,652	\$ 31,893,858

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

TOWN OF WHITMAN, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 5,105,580	\$ 2,543,980	\$ 7,649,560
Investments	2,570,477	-	2,570,477
Receivables:			
Property taxes	1,738,106	-	1,738,106
Excises	367,863	-	367,863
User fees	173,054	-	173,054
Departmental and other	-	246,998	246,998
Intergovernmental	71,082	25,124	96,206
<b>TOTAL ASSETS</b>	<b>\$ <u>10,026,162</u></b>	<b>\$ <u>2,816,102</u></b>	<b>\$ <u>12,842,264</u></b>
<b>LIABILITIES</b>			
Warrants payable	\$ 614,156	\$ -	\$ 614,156
Accrued liabilities	222,718	-	222,718
Notes payable	-	294,575	294,575
Other liabilities	6,108	-	6,108
<b>TOTAL LIABILITIES</b>	<b>842,982</b>	<b>294,575</b>	<b>1,137,557</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	2,348,020	257,547	2,605,567
<b>FUND BALANCES</b>			
Nonspendable	-	221,717	221,717
Restricted	-	2,030,065	2,030,065
Committed	2,078,471	39,898	2,118,369
Assigned	939,241	-	939,241
Unassigned	3,817,448	(27,700)	3,789,748
<b>TOTAL FUND BALANCES</b>	<b><u>6,835,160</u></b>	<b><u>2,263,980</u></b>	<b><u>9,099,140</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>10,026,162</u></b>	<b>\$ <u>2,816,102</u></b>	<b>\$ <u>12,842,264</u></b>

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, 2018

<b>Total governmental fund balances</b>	\$ 9,099,140
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,571,989
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	2,114,567
• Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(33,620,176)
• Other	<u>(19,314)</u>
<b>Net position of governmental activities</b>	\$ <u><u>146,206</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, 2018

	General Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 24,230,457	\$ -	\$ 24,230,457
Excises	2,030,093	-	2,030,093
Penalties, interest, and other taxes	344,691	-	344,691
Charges for services	1,439,413	1,098,197	2,537,610
Intergovernmental	2,759,207	775,554	3,534,761
Licenses and permits	293,910	-	293,910
Investment income	21,581	4,751	26,332
Miscellaneous	36,231	160,779	197,010
	<u>31,155,583</u>	<u>2,039,281</u>	<u>33,194,864</u>
Total Revenues	31,155,583	2,039,281	33,194,864
<b>EXPENDITURES:</b>			
Current:			
General government	1,783,958	41,109	1,825,067
Public safety	6,835,918	86,657	6,922,575
Education	14,677,160	-	14,677,160
Public works	2,145,824	557,664	2,703,488
Health and human services	516,571	227,809	744,380
Culture and recreation	503,385	144,581	647,966
Employee benefits	3,531,246	-	3,531,246
Debt service	960,389	-	960,389
Intergovernmental	187,419	-	187,419
Capital outlay	754,968	-	754,968
	<u>31,896,838</u>	<u>1,057,820</u>	<u>32,954,658</u>
Total Expenditures	31,896,838	1,057,820	32,954,658
Excess (deficiency) of revenues over expenditures	(741,255)	981,461	240,206
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	914,864	674	915,538
Transfers out	(11,691)	(914,864)	(926,555)
	<u>903,173</u>	<u>(914,190)</u>	<u>(11,017)</u>
Total Other Financing Sources (Uses)	903,173	(914,190)	(11,017)
Change in fund balance	161,918	67,271	229,189
Fund Balance, at Beginning of Year	<u>6,673,242</u>	<u>2,196,709</u>	<u>8,869,951</u>
Fund Balance, at End of Year	<u>\$ 6,835,160</u>	<u>\$ 2,263,980</u>	<u>\$ 9,099,140</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, 2018

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 229,189</b>																		
<ul style="list-style-type: none"> <li>• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay</td> <td style="text-align: right;">762,973</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(1,758,544)</td> </tr> </table> </li> <li>• The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 40px;"> <tr> <td>Repayments of debt</td> <td style="text-align: right;">695,873</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(200,762)</td> </tr> <tr> <td>Repayments of capital leases</td> <td style="text-align: right;">193,144</td> </tr> </table> </li> <li>• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (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;">(112,420)</td> </tr> </table> </li> <li>• Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">425,108</td> </tr> <tr> <td>Net OPEB liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">(177,737)</td> </tr> </table> </li> <li>• Other differences <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>(222,652)</u></td> </tr> </table> </li> </ul>	Capital outlay	762,973	Depreciation	(1,758,544)	Repayments of debt	695,873	Issuance of capital leases	(200,762)	Repayments of capital leases	193,144		(112,420)	Net pension liability and related deferred outflows and inflows of resources	425,108	Net OPEB liability and related deferred outflows and inflows of resources	(177,737)		<u>(222,652)</u>	
Capital outlay	762,973																		
Depreciation	(1,758,544)																		
Repayments of debt	695,873																		
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	(112,420)																		
Net pension liability and related deferred outflows and inflows of resources	425,108																		
Net OPEB liability and related deferred outflows and inflows of resources	(177,737)																		
	<u>(222,652)</u>																		
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u><u>(165,828)</u></u></b>																		

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, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 24,275,288	\$ 24,275,288	\$ 24,275,288	\$ -
Excise taxes	1,915,000	1,915,000	2,030,093	115,093
Penalties, interest, and other taxes	302,000	302,000	344,691	42,691
Charges for services	1,142,000	1,142,000	1,198,666	56,666
Intergovernmental	2,698,613	2,698,613	2,759,207	60,594
Licenses and permits	230,000	230,000	293,910	63,910
Investment income	6,500	6,500	16,217	9,717
Other revenues	199,000	199,000	276,978	77,978
Total Revenues	30,768,401	30,768,401	31,195,050	426,649
<b>EXPENDITURES</b>				
General government	2,086,566	2,114,334	2,014,277	100,057
Public safety	6,837,613	7,050,413	6,835,690	214,723
Education	14,742,962	14,976,965	14,938,774	38,191
Public works	2,187,734	2,239,033	2,238,836	197
Health and human services	581,505	560,710	513,897	46,813
Culture and recreation	445,205	459,609	458,387	1,222
Employee benefits	3,842,591	3,850,066	3,638,369	211,697
Debt service	962,395	962,395	960,389	2,006
Intergovernmental	187,419	187,419	187,419	-
Capital outlay	691,853	1,068,315	1,082,250	(13,935)
Total Expenditures	32,565,843	33,469,259	32,868,288	600,971
Excess of revenues over expenditures	(1,797,442)	(2,700,858)	(1,673,238)	1,027,620
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfers in	1,314,368	1,987,839	1,964,789	(23,050)
Transfers out	(151,017)	(151,017)	(151,691)	(674)
Other sources (free cash)	783,563	1,013,508	-	(1,013,508)
Other uses (snow and ice deficit)	(149,472)	(149,472)	-	149,472
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 139,860	\$ 139,860

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

TOWN OF WHITMAN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 10,379,522
User fees, net of allowance for uncollectibles	<u>1,914,217</u>
Total current assets	12,293,739
Noncurrent:	
Capital assets not being depreciated	637,006
Capital assets, net of accumulated depreciation	<u>29,106,293</u>
Total noncurrent assets	29,743,299
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	<u>19,168</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	42,056,206
<b>LIABILITIES</b>	
Current:	
Due to other governments	850,000
Accrued liabilities	26,810
Other current liabilities	7,000
Current portion of long-term liabilities:	
Bonds payable	<u>863,819</u>
Total current liabilities	1,747,629
Noncurrent:	
Bonds payable, net of current portion	7,023,721
Net pension liability	495,191
Net OPEB liability	<u>1,000,736</u>
Total noncurrent liabilities	8,519,648
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to pensions	40,420
Related to OPEB	<u>857</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	10,308,554
<b>NET POSITION</b>	
Net investment in capital assets	22,062,052
Unrestricted	<u>9,685,600</u>
<b>TOTAL NET POSITION</b>	<u>\$ 31,747,652</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, 2018

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,512,964
Total Operating Revenues	<u>4,512,964</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	892,648
Other operating expenses	3,830,115
Depreciation	<u>1,002,743</u>
Total Operating Expenses	<u>5,725,506</u>
Operating Loss	(1,212,542)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenue	195,268
Bond premium	201,960
Investment income	99,825
Interest expense	<u>(211,811)</u>
Total Nonoperating Revenues (Expenses), Net	<u>285,242</u>
Loss Before Transfers	(927,300)
Transfers in	<u>11,017</u>
Change in Net Position	(916,283)
Net Position at Beginning of year, as restated	<u>32,663,935</u>
Net Position at End of year	<u><u>\$ 31,747,652</u></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, 2018

	Business-Type Activities <u>Water-Sewer Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 4,564,776
Payments to vendors	(3,840,115)
Payments to employees	<u>(866,059)</u>
Net Cash (Used For) Operating Activities	(141,398)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Intergovernmental revenues	195,268
Transfer out	<u>11,017</u>
Net Cash Provided By Noncapital Financing Activities	206,285
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of bonds and notes	2,820,000
Principal payments on bonds and notes	(648,380)
Acquisition and construction of capital assets	(401,373)
Interest expense	(200,344)
Other Non-operating income	<u>201,960</u>
Net Cash Provided By Capital and Related Financing Activities	1,771,863
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>99,825</u>
Net Cash Provided by Investing Activities	<u>99,825</u>
Net Change in Cash and Short-Term Investments	1,936,575
Cash and Short-Term Investments, Beginning of Year	<u>8,442,947</u>
Cash and Short-Term Investments, End of Year	<u>\$ 10,379,522</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Operating income	\$ (1,212,542)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,002,743
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
User fees	51,812
Deferred outflows - related to pensions	50,875
Warrants and accounts payable	(10,000)
Net pension liability	(76,012)
Net OPEB liability	40,467
Deferred inflows - related to pensions	10,402
Deferred inflows - related to OPEB	<u>857</u>
Net Cash (Used For) Operating Activities	<u>\$ (141,398)</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, 2018

	<u>Post- Employment Benefits Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ 198,449	\$ 281,396
Investments:			
External investment pool	345,275	-	-
Equities	-	178,365	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>28,400</u>
Total assets	345,275	376,814	309,796
<b>LIABILITIES AND NET ASSETS</b>			
Other liabilities	<u>-</u>	<u>-</u>	<u>309,796</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>309,796</u>
<b>NET POSITION</b>			
Total net position held in trust for other post employment benefits and other purposes	<u>\$ 345,275</u>	<u>376,814</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, 2018

	Other Post- Employment Benefits <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
<b>ADDITIONS</b>		
Employer contributions	\$ 690,860	\$ -
Investment income (loss):		
Interest	-	1,739
Increase (decrease) in fair value of investment	25,410	(11,978)
Less: management fees	<u>(696)</u>	<u>-</u>
Total additions	715,574	(10,239)
<b>DEDUCTIONS</b>		
Benefit payments to plan members, beneficiaries and other systems	550,860	-
Other	<u>-</u>	<u>3,540</u>
Total deductions	<u>550,860</u>	<u>3,540</u>
Net	164,714	(13,779)
<b>NET POSITION RESTRICTED FOR OTHER PURPOSES</b>		
Beginning of year	<u>180,561</u>	<u>390,593</u>
End of year	<u>\$ 345,275</u>	<u>\$ 376,814</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 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

##### Government-wide Financial Statements

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

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

##### Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental 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 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.

The Town's short-term investments also include their share of Massachusetts Municipal Depository Trust (MMDT) cash portfolio in accordance with GASB 79, the MMDT pool's portfolio securities are valued at amortized cost.

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 2018 tax levy reflected an excess capacity of \$330,640.

#### *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 at the date of donation.

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

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

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

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

*I. Compensated Absences*

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

*J. 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.

*K. 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.

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.

L. Use of Estimates

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

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

A. Budgetary Information

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

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

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

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

**B. Budgetary Basis**

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

**C. Budget/GAAP Reconciliation**

The budgetary data for the general 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)	\$ 31,155,583	\$ 31,896,838
Other financing sources/uses (GAAP Basis)	<u>914,864</u>	<u>11,691</u>
Subtotal (GAAP Basis)	32,070,447	31,908,529
Remove effect of combining stabilization and general fund	551,362	-
Adjust tax revenue to accrual basis	44,831	-
Reverse expenditure of beginning of the year carryforwards	-	(549,666)
Add expenditure for end of the year carryforwards	-	1,167,917
To gross-up indirect costs	<u>493,199</u>	<u>493,199</u>
Budgetary Basis	<u>\$ 33,159,839</u>	<u>\$ 33,019,979</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, 2018, \$3,715,547 of the Town’s bank balance of \$18,709,048 was exposed to custodial credit risk as uninsured or uncollateralized. The uncollateralized balance of \$3,715,547 is on deposit with the Massachusetts Municipal Depository Trust (MMDT).

#### 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):

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>		
			<u>Aaa</u>	<u>A1-A3</u>	<u>Baa1-Baa3</u>
Debt-related securities:					
U.S treasury notes	\$ 398,119	\$ -	\$ 398,119	\$ -	\$ -
Federal agency securities	913,009	-	913,009	-	-
Corporate bonds	388,343	-	-	211,302	177,041
Fixed income mutual funds	<u>102,184</u>	<u>-</u>	<u>102,184</u>	<u>-</u>	<u>-</u>
Total debt securities	1,801,655	-	1,413,312	211,302	177,041
Equity-related securities:					
Corporate equities	178,364	178,364	-	-	-
Mutual funds	<u>136,518</u>	<u>136,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity securities	314,882	314,882	-	-	-
Investment pools	345,275	345,275	-	-	-
Certificate of deposit	<u>632,305</u>	<u>632,305</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 3,094,117</u>	<u>\$ 1,292,462</u>	<u>\$ 1,413,312</u>	<u>\$ 211,302</u>	<u>\$ 177,041</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 \$2,748,842, and \$345,275 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:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Debt-related securities:			
U.S treasury notes	\$ 398,119	\$ 378,270	\$ 19,849
Federal agency securities	913,009	-	913,009
Corporate bonds	388,343	-	388,343
Fixed income mutual funds	102,184	-	102,184
Total	<u>\$ 1,801,655</u>	<u>\$ 378,270</u>	<u>\$ 1,423,385</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, 2018

Description	Fair Value Measurements Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Debt securities:				
U.S. Treasury securities	\$ 398,119	\$ -	\$ 398,119	\$ -
Federal securities	913,009	-	913,009	-
Corporate bonds	388,343	-	388,343	-
Fixed income mutual funds	102,184	-	102,184	-
Equity Securities:				
Utilities	8,224	8,224	-	-
Energy	8,281	8,281	-	-
Telecommunication Service	2,563	2,563	-	-
Financial Services	2,428	2,428	-	-
Industrials	43,829	43,829	-	-
Healthcare	55,792	55,792	-	-
Financial	2,553	2,553	-	-
Consumer Defense	9,400	9,400	-	-
Consumer staples	30,724	30,724	-	-
Technology	14,570	14,570	-	-
Mutual funds	136,518	136,518	-	-
Subtotal	\$ 2,116,537	\$ 314,882	\$ 1,801,655	\$ -
Investments measured at the net asset value (NAV):				
External investment pool	345,275			
Total	\$ 2,461,812			

Description	Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
External investment pool	\$ 345,275	\$ -	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.

Property taxes and excise receivables at June 30, 2018 consist of the following, net of an estimated allowance for doubtful accounts in the government-wide financial statements:

	Gross Amount <u>(fund basis)</u>	Allowance for Doubtful <u>Accounts</u>	Net Amount (accrual basis) <u></u>
Real estate taxes	\$ 689,261	\$ (100,000)	\$ 589,261
Personal property taxes	28,746	(22,000)	6,746
Tax liens	<u>1,020,099</u>	<u>(100,000)</u>	<u>920,099</u>
Total property taxes	\$ <u>1,738,106</u>	\$ <u>(222,000)</u>	1,516,106
Less current portion			<u>616,449</u>
Noncurrent taxes receivable			\$ <u>899,657</u>
Motor vehicle excise	\$ 364,894	\$ (136,500)	\$ 228,394
Boat excise	<u>2,969</u>	<u>(2,500)</u>	<u>469</u>
Total excises	\$ <u>367,863</u>	\$ <u>(139,000)</u>	\$ <u>228,863</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>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Water - Sewer fees	\$ 2,022,217	\$ (108,000)	\$ 1,914,217
Solid waste fees	<u>173,054</u>	<u>(17,000)</u>	<u>156,054</u>
Total	<u>\$ 2,195,271</u>	<u>\$ (125,000)</u>	<u>\$ 2,070,271</u>

## 7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2018.

## 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 2018:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 914,864	\$ 11,691
Nonmajor Funds:		
Special Revenue Funds:		
Ambulance Service	-	871,563
Other Special Revenue Funds	<u>674</u>	<u>43,301</u>
Subtotal Nonmajor Funds	674	914,864
<u>Enterprise Funds:</u>		
Water/Sewer Fund	<u>11,017</u>	<u>-</u>
Grand Total	<u>\$ 926,555</u>	<u>\$ 926,555</u>

Transfers out from the Ambulance Service Fund to the General Fund of \$871,563 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, 2018 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,281	\$ 49	\$ -	\$ 19,330
Machinery, equipment, furnishings, and vehicles	7,740	201	-	7,941
Infrastructure	<u>36,096</u>	<u>513</u>	<u>-</u>	<u>36,609</u>
Total capital assets, being depreciated	63,117	763	-	63,880
Less accumulated depreciation for:				
Buildings and improvements	(9,301)	(499)	-	(9,800)
Machinery, equipment, furnishings, and vehicles	(5,422)	(372)	-	(5,794)
Infrastructure	<u>(26,735)</u>	<u>(888)</u>	<u>-</u>	<u>(27,623)</u>
Total accumulated depreciation	<u>(41,458)</u>	<u>(1,759)</u>	<u>-</u>	<u>(43,217)</u>
Total capital assets, being depreciated, net	21,659	(996)	-	20,663
Capital assets, not being depreciated:				
Land	1,794	-	-	1,794
Art and historical treasure	<u>115</u>	<u>-</u>	<u>-</u>	<u>115</u>
Total capital assets, not being depreciated	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,909</u>
Governmental activities capital assets, net	<u>\$ 23,568</u>	<u>\$ (996)</u>	<u>\$ -</u>	<u>\$ 22,572</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,047	\$ -	\$ -	\$ 5,047
Machinery, equipment, furnishings, and vehicles	841	-	-	841
Infrastructure	<u>47,626</u>	<u>401</u>	<u>-</u>	<u>48,027</u>
Total capital assets, being depreciated	53,514	401	-	53,915
Less accumulated depreciation for:				
Buildings and improvements	(3,090)	(128)	-	(3,218)
Machinery, equipment, furnishings, and vehicles	(708)	(21)	-	(729)
Infrastructure	<u>(20,008)</u>	<u>(854)</u>	<u>-</u>	<u>(20,862)</u>
Total accumulated depreciation	<u>(23,806)</u>	<u>(1,003)</u>	<u>-</u>	<u>(24,809)</u>
Total capital assets, being depreciated, net	29,708	(602)	-	29,106
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>\$ 30,345</u>	<u>\$ (602)</u>	<u>\$ -</u>	<u>\$ 29,743</u>

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

Governmental Activities:	
General government	\$ 212
Public safety	448
Education	11
Public works	1,046
Culture and recreation	37
Health and human services	<u>5</u>
Total depreciation expense - governmental activities	<u>\$ 1,759</u>
Business-Type Activities (Water-Sewer Enterprise)	<u>\$ 1,003</u>

#### 10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

#### 11. Warrants Payable

Warrants payable represent 2018 expenditures paid by July 15, 2018.

#### 12. Anticipation Notes Payable

The Town had the following anticipation notes outstanding at June 30, 2018.

<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>
			Upon Construction				
State Revolving Loan (MWPAT)	0.00%	6/28/13	Completion	\$ 14,575	\$ -	\$ -	\$ 14,575
BAN - Streetlight Project	2.05%	6/20/18	5/20/2019	-	280,000	-	280,000
Total				<u>\$ 14,575</u>	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 294,575</u>

### 13. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in various years through 2023. Future minimum lease payments under capital leases consisted of the following as of June 30, 2018:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2019	\$ 196,670
2020	166,411
2021	152,637
2022	110,526
2023	<u>70,927</u>
Total minimum lease payments	697,171
Less amounts representing interest	<u>(45,744)</u>
Present value of minimum lease payments	<u>\$ 651,427</u>

### 14. Long-Term Debt

#### A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/18</u>
MWPAT 97-1154 series 5	08/01/19	4.10 - 5.75%	\$ 7,628
General obligation - refunding bond	12/15/19	1.00 - 1.50%	300,000
MWPAT 97-1154 series 2	08/01/24	5.00 - 5.25%	14,248
General obligation - police, fire, town hall	06/01/30	3.00 - 5.00%	<u>6,300,000</u>
Total Governmental Activities			<u>\$ 6,621,876</u>
<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/18</u>
General obligation - water refunding	12/15/19	1.00 - 1.50%	\$ 80,000
MWPAT DW-01-20 series 8	08/01/22	3.00 - 5.25%	1,667,041
MWPAT DW-99-22 series 6	06/30/21	4.50 - 5.50%	399,999
MWPAT CWS - 0819 series 15	07/15/30	2.00%	176,705
MWPAT CWS - 0819 series 16	07/15/30	2.00%	193,795
General obligation - water	05/15/35	2.00 - 5.00%	2,550,000
General obligation - water	03/15/35	3.00 - 5.00%	<u>2,820,000</u>
Total Business-Type Activities			<u>\$ 7,887,540</u>

**B. Future Debt Service**

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 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	527,059	162,343	689,402
2024 - 2028	2,628,953	522,573	3,151,526
2029 - 2030	<u>1,050,000</u>	<u>63,000</u>	<u>1,113,000</u>
Total	<u>\$ 6,621,876</u>	<u>\$ 1,578,190</u>	<u>\$ 8,200,066</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 863,819	\$ 299,060	\$ 1,162,879
2020	879,265	251,599	1,130,864
2021	854,721	216,673	1,071,394
2022	730,187	189,955	920,142
2023	735,662	158,497	894,159
2024 - 2028	1,979,956	532,165	2,512,121
2029 - 2032	1,343,930	226,467	1,570,397
2033 - 2035	<u>500,000</u>	<u>27,750</u>	<u>527,750</u>
Total	<u>\$ 7,887,540</u>	<u>\$ 1,902,166</u>	<u>\$ 9,789,706</u>

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

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

	Total Balance 7/1/17	Additions	Reductions	Total Balance 6/30/18	Less Current Portion	Equals Long-Term 6/30/18
<u>Governmental Activities</u>						
Bonds payable	\$ 7,318	\$ -	\$ (696)	\$ 6,622	\$ (691)	\$ 5,931
Net pension liability	16,480	-	(2,194)	14,286	-	14,286
Net OPEB liability	11,043	168	-	11,211	-	11,211
Other:						
Compensated absences	-	226	-	226	(11)	215
Capital leases	<u>644</u>	<u>201</u>	<u>(193)</u>	<u>652</u>	<u>(179)</u>	<u>473</u>
Subtotal - other	<u>644</u>	<u>427</u>	<u>(193)</u>	<u>878</u>	<u>(190)</u>	<u>688</u>
Totals	<u>\$ 35,485</u>	<u>\$ 595</u>	<u>\$ (3,083)</u>	<u>\$ 32,997</u>	<u>\$ (881)</u>	<u>\$ 32,116</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 5,716	\$ 2,820	\$ (648)	\$ 7,888	\$ (864)	\$ 7,024
Net pension liability	571	-	(76)	495	-	495
Net OPEB liability	<u>960</u>	<u>41</u>	<u>-</u>	<u>1,001</u>	<u>-</u>	<u>1,001</u>
Totals	<u>\$ 7,247</u>	<u>\$ 2,861</u>	<u>\$ (724)</u>	<u>\$ 9,384</u>	<u>\$ (864)</u>	<u>\$ 8,520</u>

## 15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

## 16. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2018:

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, 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, 2018:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 221,717	\$ 221,717
Total Nonexpendable	-	221,717	221,717
Restricted			
Federal and state grants	-	80,961	80,961
Receipts reserved	-	479,623	479,623
Ambulance service	-	954,658	954,658
Revolving funds	-	180,778	180,778
Other special revenue funds	-	48,526	48,526
Expendable permanent funds	-	285,519	285,519
Total Restricted	-	2,030,065	2,030,065
Committed			
For continued appropriations:			
General government	56,646	-	56,646
Public safety	11,300	-	11,300
Education	574,756	-	574,756
Public works	15,691	-	15,691
Health and human services	2,904	-	2,904
Culture and recreation	56,005	-	56,005
Capital outlay	354,220	-	354,220
Town Hall HVAC System	-	39,898	39,898
Capital stabilization funds	1,006,105	-	1,006,105
Technology stabilization	844	-	844
Total Committed	2,078,471	39,898	2,118,369
Assigned			
For encumbrances:			
General government	5,682	-	5,682
Public safety	26,964	-	26,964
Public works	62,267	-	62,267
Health and human services	132	-	132
Employee benefits	350	-	350
Reserved for expenditure	843,846	-	843,846
Total Assigned	939,241	-	939,241
Unassigned			
Unassigned	1,246,970	(27,700)	1,219,270
Stabilization	2,570,478	-	2,570,478
Total Unassigned	3,817,448	(27,700)	3,789,748
Total Fund Balance	\$ 6,835,160	\$ 2,263,980	\$ 9,099,140

## 17. Retirement System

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

### A. Plan Description

Substantially all employees of the Town are members of the Plymouth County Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 10 Cordage Park Circle, Suite 234, Plymouth, Massachusetts 02360.

### Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

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

### Participant Refunds

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

### Participants Contributions

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

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

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

### Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2018 was \$1,878,591, 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, 2018, the Town reported a liability of \$14,781,808 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Town’s proportion was 2.7491%, which was a decrease of 0.576% compared to the prior year.

For the year ended June 30, 2018, the Town recognized pension expense of \$1,438,748. 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	\$ -	\$ 567,702
Differences between expected and actual experience	321,776	-
Changes in assumptions	-	351,544
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>250,396</u>	<u>287,334</u>
Total	<u>\$ 572,172</u>	<u>\$ 1,206,580</u>

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

Year ended June 30:	
2019	\$ 133,694
2020	(51,190)
2021	(336,667)
2022	<u>(380,245)</u>
Total	\$ <u>(634,408)</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:

Cost of living adjustments	3% of the first \$14,000 of retirement income
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>	<u>Long-term Expected Asset Allocation</u>	<u>Long-term Expected Nominal Rate of Return</u>
US equity	26.50%	7.50%
Developed markets equity	16.00%	7.30%
Emerging markets equity	4.00%	9.80%
Core bonds	11.50%	4.20%
Foreign bonds	3.00%	2.40%
Emerging markets bonds	4.00%	5.50%
High yield bonds	4.00%	6.00%
Bank loans	3.00%	5.50%
Private equity	10.00%	9.60%
Real estate	10.00%	6.90%
Natural resources	1.00%	7.00%
Infrastructure	2.00%	7.80%
Hedge funds of funds	4.00%	5.30%
Cash	1.00%	2.80%
Total	<u>100.00%</u>	

*E. Discount Rate*

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8%, 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>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
\$ 19,146,897	\$ 14,781,808	\$ 10,976,414

G. Pension Plan Fiduciary Net Position

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

18. **Other Post-Employment Benefits (GASB 75)**

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

All the following OPEB disclosures are based on a measurement date of June 30, 2017.

A. General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through BCBS Network Blue, BCBS Network Blue R/S, BCBS Blue Care Elect PPO, Harvard Pilgrim HMO, Harvard Pilgrim HMO – R/S, and Medex II. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

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

Plan Membership

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	126
Active employees	<u>103</u>
Total	<u><u>229</u></u>

**B. Actuarial Assumptions and Other Inputs**

The net OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.83%, net of OPEB plan investment expense
Municipal bond rate	3.13%
Discount rate	5.50%
Healthcare cost trend rates	5.00%

Mortality rates were based on the following:

Pre-retirement Mortality: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Post-retirement Mortality: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Disabled Mortality: RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females.

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%
Cash	0.00%	0.00%
Total	<u>100.00%</u>	

C. Discount Rate

The discount rate used to measure the net OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.83% and municipal bond rate of 3.13% (based on index provided by S&P on 20-year municipal bond rate as of June 30, 2017).

D. Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2017, were as follows:

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

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 12,024,354	\$ 21,030	\$ 12,003,324
Changes for the year:			
Service cost	249,435	-	249,435
Interest	660,355	-	660,355
Contributions - employer	-	681,909	(681,909)
Net investment income	-	19,531	(19,531)
Benefit payments	<u>(541,909)</u>	<u>(541,909)</u>	<u>-</u>
Net Changes	<u>367,881</u>	<u>159,531</u>	<u>208,350</u>
Balances, end of year	\$ <u><u>12,392,235</u></u>	\$ <u><u>180,561</u></u>	\$ <u><u>12,211,674</u></u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 14,031,839	\$ 12,211,674	\$ 10,744,838

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 10,923,454	\$ 12,211,674	\$ 13,820,875

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

For the year ended June 30, 2018, the Town recognized an OPEB expense of \$219,064. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual OPEB investment earnings	\$ <u>(10,714)</u>
Total	\$ <u><u>(10,714)</u></u>

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

<u>Year Ended June 30:</u>	
2019	\$ (2,679)
2020	(2,679)
2021	(2,679)
2022	<u>(2,677)</u>
Total	\$ <u><u>(10,714)</u></u>

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

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2011, the Town established an OPEB Trust Fund to provide funding for future employee health care costs.

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

**A. Investments**

The OPEB trust fund assets consist of equities, fixed income, real estate, and alternatives. (specify)

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**B. Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%, annually
Investment rate of return	6.83%, net of OPEB plan investment expense, including inflation
Municipal bond rate	3.45%
Discount rate	5.5% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.00%

Mortality rates were based on the following:

Pre-retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post-retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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%
Internal fixed income	5.00%	3.00%
Alternatives	2.50%	6.50%
Real estate	7.50%	6.25%
Cash	<u>0.00%</u>	0.00%
Total	<u><u>100.00%</u></u>	

### C. Discount Rate

The discount rate used to measure the total OPEB liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.83% and municipal bond rate of 3.45% (based on index provided by S&P Municipal Bond on 20-year High Grade Index as of June 30, 2018).

### D. Net OPEB Liability

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

Total OPEB liability	\$ 12,792,753
Plan fiduciary net position	<u>345,275</u>
Net OPEB liability	<u><u>\$ 12,447,478</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.70%

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
\$ 14,353,598	\$ 12,447,478	\$ 10,912,348

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
\$ 11,104,239	\$ 12,447,478	\$ 14,136,121

**20. Commitments and Contingencies**

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

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.

**21. Beginning Net Position Restatement**

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

Government-wide Financial Statements:

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
As previously reported	\$ 7,594,297	\$ 33,045,388	\$ 40,639,685
Implementation of GASB 75 OPEB	<u>(7,282,263)</u>	<u>(381,453)</u>	<u>(7,663,716)</u>
As restated	<u>\$ 312,034</u>	<u>\$ 32,663,935</u>	<u>\$ 32,975,969</u>

**TOWN OF WHITMAN, MASSACHUSETTS**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (GASB 68)**

**JUNE 30, 2018**  
**(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, 2018	June 30, 2017	2.7491%	\$14,781,808	\$ 6,925,668	213.44%	65.6%
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 (GASB 68)

JUNE 30, 2018  
(Unaudited)

Plymouth County Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	June 30, 2017	\$ 1,878,591	\$ 1,878,591	\$ -	\$ 6,925,668	27.13%
June 30, 2017	June 30, 2016	\$ 1,812,841	\$ 1,812,841	\$ -	\$ 6,659,296	27.22%
June 30, 2016	June 30, 2015	\$ 1,765,248	\$ 1,765,248	\$ -	\$ 6,618,086	26.67%
June 30, 2015	June 30, 2014	\$ 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  
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

(Unaudited)

	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 269,906	\$ 249,435
Interest on unfunded liability - time value of \$	681,472	658,088
Differences between expected and actual experience	-	43,494
Benefit payments, including refunds of member contributions	<u>(550,860)</u>	<u>(541,909)</u>
Net change in total OPEB liability	400,518	409,108
Total OPEB liability - beginning	<u>12,392,235</u>	<u>11,983,127</u>
<b>Total OPEB liability - ending (a)</b>	12,792,753	12,392,235
 <b>Plan fiduciary net position</b>		
Contributions - employer	690,860	681,909
Net investment income	24,714	19,531
Benefit payments, including refunds of member contributions	<u>(550,860)</u>	<u>(541,909)</u>
Net change in plan fiduciary net position	164,714	159,531
Plan fiduciary net position - beginning	<u>180,561</u>	<u>21,030</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>345,275</u>	<u>180,561</u>
 <b>Net OPEB liability (asset) - ending (a-b)</b>	<u>\$ 12,447,478</u>	<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 and 75)**

(Unaudited)

**Schedule of Net OPEB Liability**

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 12,792,753	\$ 12,392,235
Plan fiduciary net position	<u>345,275</u>	<u>180,561</u>
Net OPEB liability (asset)	<u>\$ 12,447,478</u>	<u>\$ 12,211,674</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.70%	1.46%

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,066,332	\$ 1,029,584
Contributions in relation to the actuarially determined contribution	<u>690,860</u>	<u>681,909</u>
Contribution deficiency (excess)	<u>\$ 375,472</u>	<u>\$ 347,675</u>

**Schedule of Investment Returns**

	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	9.93%	16.14%

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