

TOWN OF DIGHTON, MASSACHUSETTS

Report on Examination of
Basic Financial Statements
and Additional Information
Year Ended June 30, 2017

Report on Internal Control
Over Financial Reporting and
On Compliance and Other Matters
Year Ended June 30, 2017

TOWN OF DIGHTON, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Selectmen
Town of Dighton, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 19, 2018

Management's Discussion and Analysis

As the management of the Town of Dighton, Massachusetts (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by approximately \$11.0 million (*total net position*).
- The Town's total net position increased by approximately \$0.8 million, or 8.3%, year to year. This was primarily a result of governmental activities increasing by nearly \$0.8 million while business-type activities were flat year to year.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$8.2 million, an increase of approximately \$1.0 million over the prior year. The increase in governmental funds was primarily due to favorable actual expenditures as compared to budget in the General Fund. Of the ending fund balance approximately \$5.4 million is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.
- The Town's total long-term debt decreased by approximately \$10,000 during the fiscal year as a result of regular scheduled maturities.

Overview of the Financial Statements

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

Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the end result reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town 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 various employee and retiree benefits.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (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 of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits, and debt service.

The business-type activities of the Town include sewer enterprise funds.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable—amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the General Fund or in other major funds if negative

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided in the basic financial statements to help the reader understand the differences, as indicated within the table of contents.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Ambulance Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its General Fund and Sewer Enterprise Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

Proprietary Funds – Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the singular enterprise fund for sewer activities.

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 statement 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 the 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, this report also presents certain required supplementary information concerning the Town's proportionate share of the net pension liability and contributions to its pension plan, the Town's progress in funding its obligation to provide other postemployment benefits to its employees, as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

Government-wide Financial Analysis

The following represents the condensed statement of net position:

	Net Position					
	Governmental activities		Business-type activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<u>Assets</u>						
Current and other assets	\$ 10,024,287	\$ 9,017,800	\$ 812,662	\$ 749,686	\$ 10,836,949	\$ 9,767,486
Capital assets, net	7,722,090	7,589,202	1,624,157	1,639,606	9,346,247	9,228,808
Total assets	17,746,377	16,607,002	2,436,819	2,389,292	20,183,196	18,996,294
Deferred outflows of resources	1,102,502	1,234,989	-	-	1,102,502	1,234,989
<u>Liabilities</u>						
Long-term liabilities	9,647,713	9,480,913	7,091	6,992	9,654,804	9,487,905
Other liabilities	381,240	238,324	1,448	3,643	382,688	241,967
Total liabilities	10,028,953	9,719,237	8,539	10,635	10,037,492	9,729,872
Deferred inflows of resources	271,208	369,469	-	-	271,208	369,469
<u>Net Position</u>						
Net investment in capital assets	7,622,097	7,373,514	1,577,247	1,639,606	9,199,344	9,013,120
Restricted	1,878,206	1,419,732	-	-	1,878,206	1,419,732
Unrestricted	(951,585)	(1,039,961)	851,033	739,051	(100,552)	(300,910)
Net Position	\$ 8,548,718	\$ 7,753,285	\$ 2,428,280	\$ 2,378,657	\$ 10,976,998	\$ 10,131,942

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$8.5 million (*total net position*). This reflects an increase from the preceding year by approximately \$0.8 million or, 8.3%, year to year and was primarily a result of governmental activities increasing by approximately \$0.8 million while business-type activities were flat year to year. The change is mostly attributed to an increase in cash over the previous year which is reflective of actual cash receipts exceeding cash expenses.

By far the largest portion (\$9.2 million) of the Town's overall net position reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its 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 significant portion of the Town's total net position (\$1.9 million) represents resources that are subject to external restrictions on how they may be used.

The deficit balance of approximately \$0.1 million in *unrestricted net position* is in large part a result of the Town recording its net pension liability of approximately \$5.9 million and other postemployment benefits of approximately \$3.0 million in fiscal year 2017.

The following represents the condensed statement of changes in net position:

Change in Net Position						
	Governmental activities		Business activities		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 1,835,842	\$ 1,931,266	\$ 333,847	\$ 329,454	\$ 2,169,689	\$ 2,260,720
Operating grants and contributions	159,833	136,256	-	-	159,833	136,256
Capital grants and contributions	47,441	463,036	-	-	47,441	463,036
General revenues:						
Property taxes	15,162,361	14,791,666	-	-	15,162,361	14,791,666
Grants and contributions not restricted to specific programs	747,358	797,505	-	-	747,358	797,505
Other	1,222,519	1,177,779	1,227	1,251	1,223,746	1,179,030
Total revenues	19,175,354	19,297,508	335,074	330,705	19,510,428	19,628,213
<u>Expenses</u>						
General government	1,694,933	1,931,667	-	-	1,694,933	1,931,667
Public safety	4,009,002	3,916,843	-	-	4,009,002	3,916,843
Education	9,478,528	9,074,772	-	-	9,478,528	9,074,772
Public works	1,938,156	1,569,675	-	-	1,938,156	1,569,675
Health and human services	716,652	552,202	-	-	716,652	552,202
Culture and recreation	542,650	374,019	-	-	542,650	374,019
Sewer	-	-	285,451	346,756	285,451	346,756
Total expenses	18,379,921	17,419,178	285,451	346,756	18,665,372	17,765,934
Change in net position	795,433	1,878,330	49,623	(16,051)	845,056	1,862,279
Net position, beginning of year	7,753,285	5,874,955	2,378,657	2,394,708	10,131,942	8,269,663
Net position, end of year	<u>\$ 8,548,718</u>	<u>\$ 7,753,285</u>	<u>\$ 2,428,280</u>	<u>\$ 2,378,657</u>	<u>\$ 10,976,998</u>	<u>\$ 10,131,942</u>

Governmental Activities – During 2017, Town property taxes made up approximately 79.1% of total revenues, down from 76.7% in the prior year. Actual taxes were up approximately \$0.35 million and consistent with what would be expected under proposition 2 ½. Charges for services made up approximately 9.6% of total revenues, down from 10.0% in the prior year. No other revenues were greater than 10% of total revenues in 2017 or 2016.

The Town continues to commit significant resources towards education as 51.6% of total expenditures are related to this critical activity. This is very similar to the prior year amount of 52.1% for school assessments. Public Safety expenses were 21.8% of total expenses, which is relatively consistent with the prior year ratio of 22.5%. General government expenses made up 9.2% of expenditures, down slightly from 11.1% in 2016. Public works expenses made up 10.5% of expenditures, up slightly from 9.0% in 2016. No other expense types were greater than 10% of total expenses in 2017 or 2016.

Business-type Activities – Major revenue sources consist of revenue from users which represented approximately 99.6% of total revenues in both 2017 and 2016. The remaining revenue represents mostly amounts received from investment income sources.

Financial Analysis of the Government's Funds

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

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

As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of nearly \$8.2 million. This represents an increase of almost \$1.0 million over the previous year as revenues and expenditures both ended with favorable budget variances. Of the ending fund balance approximately \$5.4 million is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$5.4 million, while the total fund balance in the General Fund reached over \$5.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 33.5% of total General Fund expenditures, while total fund balance represents approximately 30.4% of that same amount.

The Town's Ambulance Fund, which is presented as a major governmental fund, has a restricted ending fund balance of over \$1.0 million, which was slightly higher than the nearly \$1.0 million in the prior year.

The Town's aggregate nonmajor funds amount to almost \$1.3 million and include the Town's Special, Capital and Trust funds.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, net position of the sewer fund was over \$2.4 million.

General Fund Budgetary Highlights

Differences between the original and the final amended budget was an increase of approximately \$348,000. The increases were due to an increase in the Town Counsel budget, and transfers to the unemployment trust fund and new police station/communications center project.

Capital Asset and Debt Administration

Capital Assets –The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to approximately \$9.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and reflects an increase of approximately \$0.1 million, net of depreciation.

The Town has undergone a limited amount of capital improvements over the past several years. These generally included capital replacement of existing building and infrastructure components and modernization of vehicle and equipment assets; however, the Town has started to engage in a significant project of construction of a new Police station. Additional information on the Town capital assets can be found in Note II, Section C of this report.

Long-Term Debt – At the end of the current fiscal year, the Town had total debt outstanding of less than \$0.1 million. This entire amount represents Title V notes payable of governmental activities. The business-type activity had no outstanding debt during the year.

The Town’s total long-term debt decreased approximately \$10,000 during the fiscal year as a result of regular scheduled maturities.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. Debt service from such arrangements is assessed annually to the Town.

Additional information on the Town’s debt can be found in Note II, Sections E and F of this report.

Capital Lease Obligations – At the end of the current fiscal year, the Town had capital lease obligations of nearly \$0.1 million in the governmental activities, which relate to fire department.

The Town’s total capital lease obligations had a net decrease of approximately \$0.1 million during the fiscal year. This was a result of minimum lease payments due.

Additional information on the Town’s capital lease obligations can be found in Note II, Section G of this report.

Economic Factors and Next Year’s Budgets and Rates

- Consistent with both State and National work force trends, the Town’s unemployment rates have stabilized over the past few years, and the investment markets have been continuing to hit record highs for the past year and half. While the Town is primarily comprised of residential tax payers, at the present, the Town’s population base is enjoying a proximity to surrounding areas with strong economic bases; however, the extent, timing or certainty of any sustained economic growth or increasing opportunities is difficult to predict.
- The Town’s property tax base is made up predominantly of residential taxes, which in 2017 was approximately 76.3% of the entire levy. The Town also relies to a moderate degree on its commercial, industrial and personnel property real estate tax base which comprise the remainder of the levy. This is anticipated to remain relatively consistent for 2018. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year tax levy.
- The Town anticipates state aid for 2018 to remain consistent with the prior year.

- The Town's housing market has shown recent growth with housing sales revealing increasing values the last few years. Throughout the Town's region, many home prices have rebounded from nearly a decade of either falling or slow value growth to now about record highs. However, the federal government is considering extensive changes to areas of the tax code impacting housing related tax deductions which could have significant influences on the real estate market. Short or long-term impacts of any potential tax changes on housing values (the base value for local property tax calculation) can't be estimated at this time, but the Town will monitor any tax code changes and intends to be diligent in evaluating the potential long-term effects on the Town's revenue stream.
- In June 2017, the Town voted an initial General Fund appropriation budget for fiscal year 2018 that was in balance. The Town tax rate was certified in November 2017.

The above items were considered when the Town accepted its budget for fiscal year 2018.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town Hall, 979 Somerset Avenue, Dighton, Massachusetts, 02175.

TOWN OF DIGHTON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,864,962	\$ 634,623	\$ 8,499,585
Receivables, net of allowance for uncollectibles:			
Property taxes	1,139,027	-	1,139,027
Excise taxes	128,640	-	128,640
User fees	-	178,039	178,039
Departmental and other	318,918	-	318,918
Intergovernmental	77,232	-	77,232
Tax foreclosures	495,508	-	495,508
Capital assets, not being depreciated	2,917,986	115,155	3,033,141
Capital assets, net of depreciation	4,804,104	1,509,002	6,313,106
Total Assets	17,746,377	2,436,819	20,183,196
 Deferred Outflows of Resources	 1,102,502	 -	 1,102,502
Liabilities			
Warrants and accounts payable	314,439	1,448	315,887
Bond anticipation notes payable	66,801	-	66,801
Noncurrent liabilities:			
Due in one year or less	128,842	3,546	132,388
Due in more than one year	9,518,871	3,545	9,522,416
Total Liabilities	10,028,953	8,539	10,037,492
 Deferred Inflows of Resources	 271,208	 -	 271,208
Net Position			
Net investment in capital assets	7,622,097	1,577,247	9,199,344
Restricted for:			
Nonexpendable permanent funds	22,557	-	22,557
Loans	126,161	-	126,161
Other purposes	1,729,488	-	1,729,488
Unrestricted	(951,585)	851,033	(100,552)
Total Net Position	\$ 8,548,718	\$ 2,428,280	\$ 10,976,998

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General government	\$ 1,694,933	\$ 826,855	\$ 3,207	\$ -	\$ (864,871)		\$ (864,871)
Public safety	4,009,002	576,410	8,487	-	(3,424,105)		(3,424,105)
Education	9,478,528	-	-	-	(9,478,528)		(9,478,528)
Public works	1,938,156	231,549	-	30,070	(1,676,537)		(1,676,537)
Health and human services	716,652	174,828	133,439	-	(408,385)		(408,385)
Culture and recreation	542,650	26,200	14,700	17,371	(484,379)		(484,379)
Total Governmental Activities	18,379,921	1,835,842	159,833	47,441	(16,336,805)		(16,336,805)
<u>Business-Type Activities</u>							
Sewer	285,451	333,847	-	-		48,396	48,396
Total Primary Government	<u>\$ 18,665,372</u>	<u>\$ 2,169,689</u>	<u>\$ 159,833</u>	<u>\$ 47,441</u>	(16,336,805)	48,396	(16,288,409)
<u>General Revenues:</u>							
		Real and personal property taxes			15,162,361	-	15,162,361
		Grants and contributions not restricted to specific programs			747,358	-	747,358
		Motor vehicle and other excise			1,042,975	-	1,042,975
		Penalties and interest on taxes			146,539	-	146,539
		Unrestricted investment income			33,005	1,227	34,232
		Total general revenues			17,132,238	1,227	17,133,465
		Change in Net Position			795,433	49,623	845,056
		Net Position - Beginning			7,753,285	2,378,657	10,131,942
		Net Position - Ending			8,548,718	\$ 2,428,280	\$ 10,976,998

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	General	Ambulance Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,443,792	\$ 962,552	\$ 1,458,618	\$ 7,864,962
Receivables, net of allowance				
Property taxes	1,127,663	-	11,364	1,139,027
Excise taxes	128,640	-	-	128,640
Other	31,418	166,771	120,729	318,918
Due from other government	49,838	-	27,394	77,232
Tax foreclosures	495,508	-	-	495,508
Total Assets	<u>7,276,859</u>	<u>1,129,323</u>	<u>1,618,105</u>	<u>10,024,287</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,276,859</u>	<u>\$ 1,129,323</u>	<u>\$ 1,618,105</u>	<u>\$ 10,024,287</u>
Liabilities				
Warrants and accounts payable	\$ 164,851	\$ -	\$ 149,588	\$ 314,439
Bond anticipation notes payable	-	-	66,801	66,801
Total Liabilities	<u>164,851</u>	<u>-</u>	<u>216,389</u>	<u>381,240</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,007,663	-	11,364	1,019,027
Unavailable revenue - excise taxes	128,640	-	-	128,640
Unavailable revenue - other	31,418	166,771	120,729	318,918
Total Deferred Inflows of Resources	<u>1,167,721</u>	<u>166,771</u>	<u>132,093</u>	<u>1,466,585</u>
Fund Balances				
Nonspendable	-	-	22,557	22,557
Restricted	-	962,552	1,247,066	2,209,618
Committed	383,901	-	-	383,901
Assigned	173,271	-	-	173,271
Unassigned	5,387,115	-	-	5,387,115
Total Fund Balances	<u>5,944,287</u>	<u>962,552</u>	<u>1,269,623</u>	<u>8,176,462</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,276,859</u>	<u>\$ 1,129,323</u>	<u>\$ 1,618,105</u>	<u>\$ 10,024,287</u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

JUNE 30, 2017

Total Governmental Fund Balances	\$ 8,176,462
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,722,090
Other long-term assets are not available to pay for current period expenditures	1,466,585
Deferred outflows and inflows of resources to be recognized in future pension expense are not available resources and, therefore, are not reported in the funds:	
Differences between expected and actual experience	240,669
Net difference between projected and actual earnings on pension plan investments	806,314
Changes of assumptions	(141,348)
Changes in proportion and differences between employer contributions and proportionate share of contributions and changes in assumptions	(74,341)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the government funds:	
Bonds and notes payable	(74,348)
Capital lease obligations	(99,993)
Landfill monitoring	(215,500)
Compensated absences	(359,618)
Other postemployment benefits	(3,004,421)
Net pension liability	<u>(5,893,833)</u>
Net Position of Governmental Activities	<u>\$ 8,548,718</u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017**

	General	Ambulance Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Real estate and personal property taxes, net	\$ 15,218,952	\$ -	\$ 87,737	\$ 15,306,689
Intergovernmental	835,538	-	87,405	922,943
Motor vehicle and other excises	1,087,008	-	-	1,087,008
License and permits	481,219	-	-	481,219
Departmental and other revenue	577,040	482,693	311,822	1,371,555
Penalties and interest on taxes	146,539	-	-	146,539
Fines and forfeitures	15,078	-	-	15,078
Investment income	29,317	-	3,688	33,005
Contributions and donations	-	-	31,689	31,689
Total Revenues	<u>18,390,691</u>	<u>482,693</u>	<u>522,341</u>	<u>19,395,725</u>
Expenditures				
Current:				
General government	1,238,990	-	51,229	1,290,219
Public safety	2,937,006	-	197,650	3,134,656
Education	9,478,478	-	50	9,478,528
Public works	1,665,492	-	30,070	1,695,562
Health and human services	298,093	-	248,624	546,717
Culture and recreation	274,566	-	157,015	431,581
Pensions and other fringes	1,663,929	-	-	1,663,929
State and county tax assessments	159,269	-	-	159,269
Debt service:				
Principal payback	10,362	-	-	10,362
Total Expenditures	<u>17,726,185</u>	<u>-</u>	<u>684,638</u>	<u>18,410,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>664,506</u>	<u>482,693</u>	<u>(162,297)</u>	<u>984,902</u>
Other Financing Sources (Uses)				
Transfers in	663,299	56,480	299,790	1,019,569
Transfers out	(356,270)	(530,027)	(133,272)	(1,019,569)
Total Other Financing Sources (Uses)	<u>307,029</u>	<u>(473,547)</u>	<u>166,518</u>	<u>-</u>
Net Change in Fund Balances	971,535	9,146	4,221	984,902
Fund Balances - Beginning	<u>4,972,752</u>	<u>953,406</u>	<u>1,265,402</u>	<u>7,191,560</u>
Fund Balances - Ending	<u><u>\$ 5,944,287</u></u>	<u><u>\$ 962,552</u></u>	<u><u>\$ 1,269,623</u></u>	<u><u>\$ 8,176,462</u></u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 984,902**

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. This amount represents the net amount of depreciation expense in excess of capital outlay. The amounts are represented here as reconciling items:

Capital outlays	724,975	
Disposal of capital assets	(99,040)	
Depreciation expense	<u>(493,047)</u>	
Net effect of reporting capital assets		132,888

The issuance of long-term debt 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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:

Repayments of capital lease obligations	97,785	
Repayments of bonds and notes	<u>10,362</u>	
Net effect of reporting long-term debt		108,147

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the following differences derived from unavailable revenue. (128,803)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Landfill monitoring	15,400	
Compensated absences	(28,405)	
Other postemployment benefits	(307,538)	
Net pension liability	<u>11,370</u>	
Net effect of reporting long-term liabilities		<u>(309,173)</u>

Change in Net Position of Governmental Activities **\$ 787,961**

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Business-type Activities - Enterprise Funds Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 634,623
User fees, net of allowance	178,039
Total Current Assets	<u>812,662</u>
Noncurrent assets:	
Capital assets, not being depreciated	115,155
Capital assets, net of depreciation	1,509,002
Total Noncurrent Assets	<u>1,624,157</u>
Total Assets	<u>2,436,819</u>
Liabilities	
Current liabilities:	
Warrants payable and other liabilities	1,448
Compensated absences	3,546
Total Current Liabilities	<u>4,994</u>
Noncurrent liabilities:	
Compensated absences	3,545
Total Noncurrent Liabilities	<u>3,545</u>
Total Liabilities	<u>8,539</u>
Net Position	
Net investment in capital assets	1,577,247
Unrestricted	851,033
Total Net Position	<u><u>\$ 2,428,280</u></u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Business-type Activities - <u>Enterprise Funds</u> <u>Sewer</u>
Operating Revenues	
Usage charges	\$ 325,085
Other fees	8,762
Total Operating Revenues	<u>333,847</u>
Operating Expenses	
Operating costs	223,092
Depreciation	62,359
Total Operating Expenses	<u>285,451</u>
Total Operating Income	<u>48,396</u>
Nonoperating Income (Expenses)	
Interest income	<u>1,227</u>
Total Nonoperating Revenues (Expenses), net	<u>1,227</u>
Change in Net Position	49,623
Net Position - Beginning	<u>2,378,657</u>
Net Position - Ending	<u><u>\$ 2,428,280</u></u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

	Business-type Activities - Enterprise Funds Sewer
Cash Flows from Operating Activities:	
Receipts from users	\$ 325,232
Payments to vendors	(125,205)
Payments to employees	(99,983)
	<u>100,044</u>
Net Cash Provided by Operating Activities	<u>100,044</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(46,910)
	<u>(46,910)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(46,910)</u>
Cash Flows from Investing Activities:	
Investment income	1,227
	<u>1,227</u>
Net Cash Provided by Investing Activities	<u>1,227</u>
Net Change in Cash and Cash Equivalents	#REF!
Cash and Cash Equivalents:	
Beginning of year	580,262
	<u>580,262</u>
End of year	<u><u>#REF!</u></u>
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:	
Operating income (loss)	\$ 48,396
Depreciation	62,359
Changes in assets and liabilities:	
Receivables, net	(8,615)
Liabilities, net	(2,096)
	<u>(10,711)</u>
Net Cash Provided From Operating Activities	<u><u>\$ 100,044</u></u>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Other Postemployment Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 970	\$ 435,843
Investments	635,238	-
Receivables:		
Water district user fee tax liens	-	57,769
Total Assets	636,208	493,612
Liabilities		
Warrants and other payables	-	43,349
Planning board deposits	-	385,702
Other liabilities	-	64,561
Total Liabilities	-	493,612
Net Position		
Held in trust for:		
Other postemployment benefits	636,208	-
Total Net Position	\$ 636,208	\$ -

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

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

	Other Postemployment Benefits Trust Fund
	<hr/>
Additions	
Contributions:	
Employer	\$ 280,389
Employee	70,369
Total Contributions	<hr/> 350,758 <hr/>
Investment income:	
Interest and dividends	46,657
Net Investment Earnings	<hr/> 46,657 <hr/>
Total Additions	<hr/> 397,415 <hr/>
Deductions	
Life and health insurance premiums paid for retirees	<hr/> 175,758 <hr/>
Total Deductions	<hr/> 175,758 <hr/>
Change in Net Position	221,657
Net Position - Beginning	<hr/> 414,551 <hr/>
Net Position - Ending	<hr/> \$ 636,208 <hr/>

See accompanying notes to basic financial statements.

TOWN OF DIGHTON, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

I. Summary of Significant Accounting Policies

The basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town is located south of Boston in Bristol County. It was established as a Town in 1712. The Town is governed by an elected three-member Board of Selectmen. The board members serve three-year terms. The Town provides governmental services for the territory within its boundaries, including police and fire protection, rubbish disposal, public education in grades K-12, sewer services, street maintenance, and parks and recreational facilities.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

Joint Venture – The Town is a member community of the Dighton-Rehoboth Regional School District that provides educational services to two area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2017, the Town's share of the operating and debt service expenses was \$9,074,959. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 2700 Regional Road, North Dighton, MA, 02764.

B. Government-Wide and Fund 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 non-fiduciary activities of the primary government and its component units. *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.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. 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. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

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.

Ambulance Fund – is used to account for the fees generated from the operations of the fire department’s ambulance service that are designated to fund and supplement operating costs of the department.

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

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Permanent Funds – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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 the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

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

The government reports the following fiduciary funds:

Other Postemployment Benefits Trust Fund – is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance.

Agency Fund – is used to account for assets held in a purely custodial capacity. This fund is primarily used for developer deposits and water liens collected on behalf of the Dighton Water District (a legally separate, non-Town utility service provider). Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes to the statutory rate per annum. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Sewer user charges are assessed semi-annually based upon metered water consumption as provided by the Dighton Water District.

Real estate taxes and sewer user fees may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, utility mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. 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.

Capital assets (excluding land and construction-in-process) are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	40 years
Machinery and equipment	5-10 years
Vehicles	5-10 years
Infrastructure	40-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds and permanent funds is retained in the respective funds.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation benefits. Amounts related to sick-pay benefits are carried forward from year to year. Compensation to employees varies depending upon union or employment contracts, with employee payments options including at year end or upon retirement. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that is reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability. This will be recognized in pension expense in future years as more fully described in Note III, subsection A.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items, which arises under a modified accrual basis of accounting and government-wide statement of net position, respectively, which qualify for reporting in this category. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, excise and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is reported on the government-wide statement of net position and relates to inflows from changes in the net pension liability. This will be recognized in pension expense in future years as more fully described in Note III, subsection A.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Loans represent the balance of Title V septic loan paybacks from Town residents restricted for future debt service payback of existing Title V notes payable issued by the Massachusetts Clean Water Trust.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

Nonspendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact as the corpus of the endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

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, which consists of the Town Meeting members through Town Meeting Votes. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town has by ordinance authorized the Town Accountant to assign fund balance. The Town Meeting may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the General Fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Funds – The Town maintains a general stabilization fund which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$1,317,090 at June 30, 2017 and is reported as unassigned fund balance in the General Fund.

The Town maintains a capital stabilization fund which may be used for any capital purpose upon a two-thirds vote of the Town Meeting. The balance of the fund totals \$909,809 at June 30, 2017 and is reported as unassigned fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately.

The Town reports \$307,036 of encumbrances from Town Meeting votes in the General Fund as committed and \$7,593 of encumbrances from normal purchasing activity as assigned at June 30, 2017. Encumbrances are not reported in any other fund.

The following table reflects the Town's fund equity categorizations:

	General	Ambulance Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 22,557	\$ 22,557
Restricted:				
General government	-	-	400,036	400,036
Public safety	-	962,552	44,792	1,007,344
Public works	-	-	3,825	3,825
Health and human services	-	-	32,557	32,557
Culture and recreation	-	-	269,369	269,369
Community preservation	-	-	478,291	478,291
Other purposes	-	-	18,196	18,196
Committed:				
General government	199,055	-	-	199,055
Public safety	1,236	-	-	1,236
Public works	106,745	-	-	106,745
Unemployment	76,865	-	-	76,865
Assigned:				
General government	1,362	-	-	1,362
Public safety	5,556	-	-	5,556
Public works	237	-	-	237
Health and human services	438	-	-	438
Subsequent years' budget	165,678	-	-	165,678
Unassigned	5,387,115	-	-	5,387,115
	<u>\$ 5,944,287</u>	<u>\$ 962,552</u>	<u>\$ 1,269,623</u>	<u>\$ 8,176,462</u>

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year, the Town incurred an appropriation deficit of \$168,103 and \$980 as a result of incurring excess snow and ice removal costs and state and county charges above budget, respectively. Expenditures did not exceed appropriations for the legally adopted budget within the General Fund for any other functions.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. **Deposits and Investments**

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (MMDT). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the Town's deposits was \$8,935,428 and the bank balance was \$8,669,118. Of the Town's bank balance, \$8,482,434 was covered by either federal depository insurance or by the depositors' insurance fund; and the remainder was uninsured.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town does not have a formal investment policy related to custodial credit risk. The Town's bond mutual fund, equity mutual fund, money market mutual fund and State Treasurer's investment pool investments are not subject to custodial credit risk.

Fair Value of Investments – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the Town's best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the Town's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2017:

		Fair Value Measurements Using		
	6/30/17	Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Debt securities:				
Bond mutual funds	\$ 236,555	236,555	-	-
Money market mutual funds	970	970	-	-
Total debt securities	237,525	237,525	-	-
Equity securities:				
Equity mutual funds	398,683	398,683	-	-
Total equity securities	398,683	398,683	-	-
Total Investments by Fair Value Level	\$ 636,208	\$ 636,208	\$ -	\$ -
<u>Investments measured at amortized cost</u>				
State investment pool	321,659			
Total Investments Measured at Fair Value	\$ 957,867			

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflect the fair value in accordance with the pool's fair value pricing policies should amortized cost not approximate the fair value of the pool.

Interest Rate Risk: Deposits – This is the risk that fair value losses may arise due to increasing interest rates. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

Interest Rate Risk: Investments – Debt security investments are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The Town does not have formal investment policies that limit investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

At June 30, 2017, the Town had the following investments with maturities:

Investments	6/30/17	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Bond mutual funds	\$ 236,555	\$ -	\$ 144,369	\$ 92,186
Money market mutual funds	970	970	-	-
State investment pool	321,659	321,659	-	-
Non-negotiable certificates of deposit	2,474,442	2,474,442	-	-
Total investments with maturities	\$ 3,033,626	\$ 2,797,071	\$ 144,369	\$ 92,186

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. No issuer represents more than 5% of the Town's total investments.

Credit Risk – The Town has not adopted a formal policy related to credit risk. All of the Town’s investments are unrated.

B. Receivables

Receivables as of year-end for the Town’s individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 447,749	\$ -	\$ 447,749
Tax liens	682,473	-	682,473
Community preservation surcharge	8,805	-	8,805
Excise	128,640	-	128,640
Ambulance	476,490	(309,719)	166,771
Departmental and other	31,418	-	31,418
Title V betterment loans	120,729	-	120,729
Intergovernmental	77,232	-	77,232
Total	<u>\$ 1,973,536</u>	<u>\$ (309,719)</u>	<u>\$ 1,663,817</u>

Receivables as of year-end for Town’s proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user fees	\$ 178,039	\$ -	\$ 178,039
Total	<u>\$ 178,039</u>	<u>\$ -</u>	<u>\$ 178,039</u>

Governmental funds report deferred inflows of resources in connections with receivables for revenues that are considered unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Real estate and personal property taxes	\$ 327,749	\$ -	\$ 327,749
Tax liens	679,914	2,559	682,473
Community preservation surcharge	-	8,805	8,805
Excise	128,640	-	128,640
Ambulance	-	166,771	166,771
Departmental and other	31,418	-	31,418
Title V betterment loans	-	120,729	120,729
Total	<u>\$ 1,167,721</u>	<u>\$ 298,864</u>	<u>\$ 1,466,585</u>

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 3,017,026	\$ -	\$ (99,040)	\$ 2,917,986
Construction in Process	202,715	226,794	-	429,509
Total capital assets not being depreciated	3,219,741	226,794	(99,040)	3,347,495
Capital assets being depreciated:				
Buildings and improvements	1,606,816	-	-	1,606,816
Improvements other than buildings	262,574	-	-	262,574
Infrastructure	3,165,024	-	-	3,165,024
Machinery and equipment	1,546,357	353,521	(83,748)	1,816,130
Vehicles	3,064,506	144,659	(57,515)	3,151,650
Total capital assets being depreciated	9,645,277	498,180	(141,263)	10,002,194
Less accumulated depreciation for:				
Buildings and improvements	(1,186,551)	(50,027)	-	(1,236,578)
Improvements other than buildings	(123,669)	(7,621)	-	(131,290)
Infrastructure	(759,410)	(144,288)	-	(903,698)
Machinery and equipment	(1,015,964)	(119,632)	83,748	(1,051,848)
Vehicles	(2,190,221)	(171,479)	57,515	(2,304,185)
Total accumulated depreciation	(5,275,815)	(493,047)	141,263	(5,627,599)
Total capital assets being depreciated, net	4,369,462	5,133	-	4,374,595
Governmental activities capital assets, net	<u>\$ 7,589,203</u>	<u>\$ 231,927</u>	<u>\$ (99,040)</u>	<u>\$ 7,722,090</u>
<i><u>Business-Type Activities - Sewer:</u></i>				
Capital assets not being depreciated:				
Land	\$ 68,245	\$ -	\$ -	\$ 68,245
Construction in Process	-	46,910	-	46,910
Total capital assets not being depreciated	68,245	46,910	-	115,155
Capital assets being depreciated:				
Infrastructure	3,031,740	-	-	3,031,740
Machinery and equipment	17,065	-	-	17,065
Vehicles	20,000	-	-	20,000
Total capital assets being depreciated	3,068,805	-	-	3,068,805
Less accumulated depreciation for:				
Infrastructure	(1,470,810)	(60,652)	-	(1,531,462)
Machinery and equipment	(6,634)	(1,707)	-	(8,341)
Vehicles	(20,000)	-	-	(20,000)
Total accumulated depreciation	(1,497,444)	(62,359)	-	(1,559,803)
Total capital assets being depreciated, net	1,571,361	(62,359)	-	1,509,002
Business-type activities capital assets, net	<u>\$ 1,639,606</u>	<u>\$ (15,449)</u>	<u>\$ -</u>	<u>\$ 1,624,157</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General government	\$ 28,622	Sewer	\$ 62,359
Public safety	215,977	Total Business-Type Activities	<u>\$ 62,359</u>
Public works	224,885		
Health and human services	4,541		
Culture and recreation	19,022		
Total Governmental Activities	<u>\$ 493,047</u>		

D. Interfund Receivables, Payables and Transfers

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

Transfers Out	Transfers In			
	General Fund	Ambulance Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 56,480	\$ 299,790	\$ 356,270 (1)
Ambulance Fund	530,028	-	-	530,028 (2)
Nonmajor Governmental Funds	133,271	-	-	133,271 (2)
Total	<u>\$ 663,299</u>	<u>\$ 56,480</u>	<u>\$ 299,790</u>	<u>\$ 1,019,569</u>

(1) Transfer to Ambulance Fund for unspent appropriations; transfers to Nonmajor funds to fund various programs.

(2) Transfers to General Fund to supplement operating budgets.

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the District and carry maturity dates not in excess of one year and are interest bearing and will be paid through future issuance of general obligation bonds. Temporary notes outstanding at June 30, 2017, are payable as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
Interim MCWT Note	0.00%	N/A	\$ 66,801	\$ -	\$ -	\$ 66,801
Total Notes Payable			<u>\$ 66,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,801</u>

The BAN outstanding at June 30, 2017 was issued for Title V septic betterment loans to residents.

F. Long-Term Obligations

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
Bond and note debt	\$ 84,710	\$ -	\$ (10,362)	\$ 74,348	\$ 10,362
Capital lease obligations	197,778	-	(97,785)	99,993	49,137
Landfill monitoring	230,900	-	(15,400)	215,500	15,400
Compensated absences	331,213	79,830	(51,425)	359,618	53,943
Other postemployment benefits	2,696,883	635,415	(327,877)	3,004,421	-
Net pension liability	5,939,429	1,091,132	(1,136,728)	5,893,833	-
Total Governmental Activities	<u>\$ 9,480,913</u>	<u>\$ 1,806,377</u>	<u>\$(1,639,577)</u>	<u>\$ 9,647,713</u>	<u>\$ 128,842</u>
<u>Business-type Activities: Sewer</u>					
Compensated absences	\$ 6,444	\$ 4,143	\$ (3,496)	\$ 7,091	\$ 3,546
Total Business-type Activities	<u>\$ 6,444</u>	<u>\$ 4,143</u>	<u>\$ (3,496)</u>	<u>\$ 7,091</u>	<u>\$ 3,546</u>

The governmental activities liabilities will be liquidated from the general fund. The business-type liabilities will be liquidated by the sewer enterprise fund.

The following is a summary of the current year activity for outstanding long-term debt obligations:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<u>Governmental Activities:</u>					
MCWT (Title V) Loans	0.00%	\$ 84,710	\$ -	\$ (10,362)	\$ 74,348
Total Governmental Activities		<u>\$ 84,710</u>	<u>\$ -</u>	<u>\$ (10,362)</u>	<u>\$ 74,348</u>

Payments on outstanding bonds and notes due in future years consist of the following:

Year Ending June 30,	Governmental Activities						
	Principal			Interest			Totals
	Gross	Subsidy	Net	Gross	Subsidy	Net	
2018	\$ 10,362	\$ -	\$ 10,362	\$ 994	\$ (994)	\$ -	\$ 10,362
2019	10,362	-	10,362	589	(589)	-	10,362
2020	10,362	-	10,362	193	(193)	-	10,362
2021	3,328	-	3,328	-	-	-	3,328
2022	3,328	-	3,328	-	-	-	3,328
2023-2027	16,640	-	16,640	-	-	-	16,640
2028-2032	16,639	-	16,639	-	-	-	16,639
2033	3,327	-	3,327	-	-	-	3,327
Total	<u>\$ 74,348</u>	<u>\$ -</u>	<u>\$ 74,348</u>	<u>\$ 1,776</u>	<u>\$ (1,776)</u>	<u>\$ -</u>	<u>\$ 74,348</u>

The following represents authorized and unissued debt as of June 30, 2017:

Project	Amount
<u>Governmental Activities:</u>	
Title V Loans	\$ 133,442
Police Headquarters & Community Center	<u>5,948,364</u>
Total Authorized and Unissued Debt	<u>\$ 6,081,806</u>

G. Leases

Assets acquired through capital leases are as follows:

Asset	Amount
Fire Pumper Truck	\$ 518,062
Fire Ambulance	237,004
Less: accumulated depreciation	(651,454)
Total	<u>\$ 103,612</u>

The future minimum lease payments and the present value of the minimum lease payments at June 30, 2017, are as follows:

Fiscal Year Ended June 30,	Amount
2018	\$ 52,636
2019	<u>52,636</u>
Total minimum lease payments	105,272
Less: amounts representing interest	(5,279)
Present value of minimum lease payments	<u>\$ 99,993</u>

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Bristol County Retirement System (the System), a cost sharing multiple-employer defined benefit pension plan established under MGL Chapter 32 and is administered by the Bristol County Retirement Board (BCRB). Standalone audited financial statements for the year ended December 31, 2016 were issued and may be obtained by writing to the Bristol County Retirement System, 645 County Street, Taunton, MA, 02780.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions Requirements – The Town has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town contributed \$711,360 to the System in fiscal year 2017, which equaled the actuarially-determined contribution requirement for the fiscal year. The Town's contributions as a percentage of covered payroll was approximately 22.20% in fiscal year 2017.

Net Pension Liability – At June 30, 2017, the Town reported a liability of \$5,893,833 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were updated by the independent actuary to December 31, 2016. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the System's benefit terms since the actuarial valuation.

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all employers. The Town's proportion was approximately 1.765% at December 31, 2016.

Pension Expense – The Town recognized \$699,990 in net pension expense in the statement of activities in fiscal year 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,669	\$ -
Net differences between projected and actual earnings on pension plan investments	806,314	-
Changes of assumptions	-	141,348
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,519	129,860
Total	<u>\$ 1,102,502</u>	<u>\$ 271,208</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized in the Town's pension expense as follows:

<u>Year ended June 30,</u>	
2018	\$ 277,843
2019	277,843
2020	229,721
2021	45,887
Total	<u>\$ 831,294</u>

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2016. The significant actuarial assumptions used in the January 1, 2016 actuarial valuation included:

Actuarial cost method:	Individual entry age normal
Amortization method:	Payments increasing at 4.5%
Remaining amortization period:	13 years
Asset valuation method:	Market value as reported by PERAC
Investment rate of return:	7.75%
Projected salary increases:	2.75% to 5.5% per year
Cost of living adjustments:	3% of the lesser of the pension amount and \$18,000 per year
Mortality rates:	
Pre-Retirement –	The RP-2014 Blue Collar Mortality Table with scale MP-2014, fully generational. The post-retirement
Post-Retirement –	The RP-2000 Mortality Table, fully generational. For Group 1 & 2 retirees, the mortality tables are set forward five years for males and three years for females. Group 4 retiree tables are set forward three years for males and six years for females.
Disabled Retiree –	The RP-2000 Healthy Annuitant Mortality Table set forward six years and two years for group 1 and 2 and group 4, respectively.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	46.5%	7.8%
Fixed income	24.5%	5.0%
Private equity	8.5%	11.3%
Real estate funds	7.5%	6.3%
Hedge funds	5.0%	7.1%
Infrastructure	5.0%	8.0%
Timber	3.0%	7.5%

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

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
Town's proportionate share of the the net pension liability	\$ 8,089,778	\$ 5,893,833	\$ 4,340,473

B. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is part of a premium-based, self-insurance group which insures for general and personal liability, and worker’s compensation, through the Southeastern MASS Health Group. Additionally, the Town is entirely self-insured for employees’ unemployment benefits. The Town essentially transfers its risk through payment of its annual assessment which is adjusted according to the Town’s experience history. All other insurance is carried through conventional carriers.

C. Other Postemployment Benefits (OPEB)

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the “Plan”) in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and Town ordinance. All benefits are provided through the Town’s insurance program. The Plan does not issue a stand – alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 30 active employees and spouses and 87 retired employees and spouses for a total of 117.

Funding Policy - The contribution requirements of Plan members and the Town are established and may be amended by the Town. Retirees contribute 40% of the calculated contribution and the remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Town’s annual OPEB cost is calculated based on the annual required contribution “ARC” of the employer, an actuarially determined amount that is calculated in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty years.

The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 380,791
Interest on net OPEB obligation	107,875
Adjustment to ARC	<u>146,749</u>
Annual OPEB cost	635,415
Contributions made	<u>(327,877)</u>
Increase in net OPEB obligation	307,538
Net OPEB obligation at beginning of year	<u>2,696,883</u>
Net OPEB obligation at end of year	<u>\$ 3,004,421</u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2017	\$ 635,415	51.6%	\$ 3,004,421
June 30, 2016	\$ 615,914	73.4%	\$ 2,696,883
June 30, 2015	\$ 584,285	34.1%	\$ 2,533,058

The AOPEBC at June 30, 2017, was charged to the following functional programs: General Government \$53,512; Public Safety \$174,989; Public Works \$42,748; Health and Human Services \$41,838; and Culture and Recreation \$14,454.

Funding Status and Funding Progress – The funded status of the Plan at June 30, 2017 for the most recent actuarial valuation performed as of July 1, 2014, was as follows:

Actuarial value of plan assets	\$ 25,000
Actuarial accrued liability (AAL)	\$ 6,678,002
Unfunded actuarial accrued liability (UAAL)	\$ 6,653,002
Funded ratio (actuarial value of plan assets/AAL)	0.37%
Covered payroll (annually payroll of active employees covered by the plan)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations.

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

The significant methods and assumptions as of the latest valuation are as follows:

Valuation date:	July 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amortization over 30 years at last valuation
Remaining amortization period:	26 years at July 1, 2014
Interest discount rate:	4.00% per annum
Healthcare/Medical cost trend rate:	Varies, from 5.0% to 6.0%

D. Commitments and Contingencies

General – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2017.

Grant Compliance – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town expects the amount if any, in these situations, to be immaterial.

E. Landfill Closure and Post-Closure Care Costs

The Town's landfill is closed and a final cover has been installed in accordance with Federal and State laws and regulations. Those laws and regulations also require the Town to perform certain maintenance and monitoring functions ("post-closure care") at the site for 30 years after the landfill cover is installed. In accordance with generally accepted accounting principles, the estimated remaining cost of monitoring; \$215,500 has been recorded as a governmental activities liability; actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Implementation of New GASB Pronouncements

Current Year Implementations –

In June 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. GASB 74's objective was to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement became effective for the Town in fiscal year 2017. The adoption of GASB No. 74 did have a material effect on the Town.

In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. GASB 77 requires the disclosure of the terms of certain tax abatement agreements entered into by a government with individuals or entities. The provisions of this Statement became effective for the Town in fiscal year 2017. The adoption of GASB No. 77 did not have a material effect on the Town.

In December 2015, the GASB issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of GASB 78 were applicable to certain government pension plans that (i) are not administered as a trust by a state or local governmental pension plan, (ii) are shared between governmental and nongovernmental employees, and (iii) have not predominant state of local governmental employer. The provisions of this Statement became effective for the Town in fiscal year 2017. The adoption of GASB No. 78 did not have a material effect on the Town.

In January 2016, the GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The provisions of GASB 80 apply to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. Such component units should be included in the reporting entity financial statements using the blending method. The provisions of this Statement became effective for the Town in fiscal year 2017. The adoption of GASB No. 80 did not have a material effect on the Town.

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB 73 was to address issues raised with respect to previously issued statements related to pensions. The provisions of this Statement became effective for the Town in fiscal year 2017. The adoption of GASB No. 82 did not have a material effect on the Town.

Future Implementations –

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017 (fiscal year 2018). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2016, the GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2016 (fiscal year 2018) and should be applied retroactively. The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the Statement is to address accounting and financial reporting for certain asset retirement obligations that have legally enforceable liability associated with the retirement of a tangible capital asset. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2018 (fiscal year 2019). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2018 (fiscal year 2020). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of the Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017 (fiscal year 2018). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

TOWN OF DIGHTON, MASSACHUSETTS**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2017****SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	Year Ended December 31,		
	2016	2015	2014
Town's proportion of the net pension liability (asset)	1.765%	1.765%	1.939%
Town's proportionate share of the net pension liability (asset)	\$ 5,893,833	\$ 5,939,429	\$ 5,636,255
Town's covered-employee payroll	\$ 3,203,947	\$ 3,392,553	\$ 2,798,717
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	183.96%	175.07%	201.39%
Plan fiduciary net position as a percentage of the total pension liability	64.17%	62.90%	67.10%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO PENSION PLAN

	Year Ended December 31,		
	2016	2015	2014
Actuarially determined contribution	\$ 711,360	\$ 654,571	\$ 589,292
Contributions in relation to the actuarially determined contribution	<u>711,360</u>	<u>654,571</u>	<u>589,292</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,203,947	\$ 3,392,553	\$ 2,798,717
Contributions as a percentage of covered-employee payroll	22.20%	19.29%	21.06%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditors' report.

TOWN OF DIGHTON, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FUNDING PROGRESS

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
07/01/2014	\$ 25,000	\$ 6,678,002	\$ 6,653,002	0.37%	n/a	n/a
06/30/2013	-	3,036,811	3,036,811	0.00%	1,865,226	162.8%
06/30/2010	-	6,785,431	6,785,431	0.00%	2,039,891	332.6%

SCHEDULE OF CONTRIBUTION FUNDING

Other Postemployment Benefits

Year Ended June 30,	Annual OPEB Cost	Actual Contributions	Percentage Contributed
2017	\$ 635,415	\$ 327,877	51.6%
2016	615,914	452,089	73.4%
2015	584,285	199,245	34.1%
2014	288,343	113,335	39.3%
2013	272,373	99,900	36.7%
2012	720,731	109,457	15.2%

See accompanying independent auditors' report.

TOWN OF DIGHTON, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
REVENUES						
Real estate and personal property taxes, net	\$ 15,001,366	\$ 15,001,366	\$ 15,255,987	\$ -	\$ 15,255,987	\$ 254,621
Intergovernmental	825,093	825,093	826,447	-	826,447	1,354
Motor vehicle and other excises	957,224	957,224	1,087,008	-	1,087,008	129,784
License and permits	372,135	372,135	481,219	-	481,219	109,084
Departmental and other revenue	404,422	404,422	577,040	-	577,040	172,618
Penalties and interest on taxes	75,734	75,734	146,539	-	146,539	70,805
Fines and forfeitures	2,030	2,030	15,078	-	15,078	13,048
Investment income	7,008	7,008	15,714	-	15,714	8,706
Total Revenues	17,645,012	17,645,012	18,405,032	-	18,405,032	760,020
EXPENDITURES						
General government	1,723,239	1,734,040	1,265,246	200,417	1,465,663	268,377
Public safety	3,501,031	3,501,031	2,937,006	6,792	2,943,798	557,233
Education	9,483,867	9,483,867	9,478,478	-	9,478,478	5,389
Public works	1,638,970	1,701,984	1,665,492	106,982	1,772,474	(70,490)
Health and human services	348,686	348,686	298,093	438	298,531	50,155
Culture and recreation	297,082	300,802	274,566	-	274,566	26,236
State and county tax assessments	158,289	158,289	159,269	-	159,269	(980)
Pension and other fringe benefits	1,609,906	1,570,723	1,531,036	-	1,531,036	39,687
Debt service	10,362	10,362	10,362	-	10,362	-
Total Expenditures	18,771,432	18,809,784	17,619,548	\$ 314,629	17,934,177	875,607
OTHER FINANCING SOURCES (USES)						
Transfers in	614,800	614,800	708,284		708,284	93,484
Transfers out	(750,000)	(1,060,000)	(1,161,270)		(1,161,270)	(101,270)
Total Other Financing Sources (Uses)	(135,200)	(445,200)	(452,986)		(452,986)	(7,786)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/USE OF PRIOR YEAR BUDGETARY FUND BALANCE						
	<u>(1,261,620)</u>	<u>(1,609,972)</u>	<u>\$ 332,498</u>		<u>\$ 17,869</u>	<u>\$ 1,627,841</u>
Other Budgetary Items:						
Undesignated surplus (free cash)	1,246,788	1,595,140				
Prior year snow and ice deficit	(79,680)	(79,680)				
Prior year encumbrances	94,512	94,512				
	<u>\$ -</u>	<u>\$ -</u>				

See accompanying independent auditors' report.

See accompanying notes to required supplementary information.

TOWN OF DIGHTON, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2017

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and Finance Committee and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each department. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2017, Town Meeting approved approximately \$348,000 in additional appropriations and transfers from the original approved budget.

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

Budgetary-to-GAAP Reconciliation – The Town’s general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2017, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 18,405,032
Stabilization investment income	\$ -	\$ 13,177	13,177
Unemployment trust investment income	-	426	426
GAAP differences in property taxes	(37,035)	-	(37,035)
Intergovernmental receivable adjustment	9,091	-	9,091
Revenues on a GAAP basis	<u>\$ (27,944)</u>	<u>\$ 13,603</u>	<u>\$ 18,390,691</u>
Expenditures on a budgetary basis			\$ 17,619,548
Indirect costs treated as transfers for budget	\$ (44,985)	\$ -	(44,985)
Unemployment trust expenditures	-	1,622	1,622
Other postemployment benefit trust transfers	-	150,000	150,000
Expenditures on a GAAP basis	<u>\$ (44,985)</u>	<u>\$ 151,622</u>	<u>\$ 17,726,185</u>
Other financing sources (uses) on a budgetary basis			\$ (427,986)
Stabilization transfers	\$ -	\$ 600,000	600,000
Unemployment trust transfers	-	30,000	30,000
Other postemployment benefit trust transfers	-	150,000	150,000
Indirect costs treated as transfers for budget	(44,985)	-	(44,985)
Other financing sources (uses) on a GAAP basis	<u>\$ (44,985)</u>	<u>\$ 780,000</u>	<u>\$ 307,029</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the Board of Selectmen
Town of Dighton, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dighton, Massachusetts (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roselli Clark & Associates

Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 19, 2018