

TOWN OF BOLTON, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2018

Town of Bolton, Massachusetts

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Bolton, Massachusetts

Additional Offices:

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Bolton, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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 major fund, and the aggregate remaining fund information of the Town of Bolton, Massachusetts, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules appearing on pages 43 to 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

December 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bolton, Massachusetts, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation.

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

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

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$35,203,909 (i.e., net position), a change of \$166,798 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$3,827,391, a change of \$(317,292) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,696,046, a change of \$153,883 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 6,058	\$ 6,344
Capital assets	<u>45,709</u>	<u>45,924</u>
Total assets	51,767	52,268
Deferred outflows of resources	1,087	1,248
Current liabilities	2,554	2,997
Noncurrent liabilities	<u>14,890</u>	<u>14,100</u>
Total liabilities	17,444	17,097
Deferred inflows of resources	206	22
Net position:		
Net investment in capital assets	37,395	36,734
Restricted	1,124	1,066
Unrestricted	<u>(3,315)</u>	<u>(1,403)</u>
Total net position	<u>\$ 35,204</u>	<u>\$ 36,397</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$35,203,909, a change of \$166,798 from the prior year.

The largest portion of net position \$37,394,795 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$1,123,642 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit \$(3,314,528), primarily because of unfunded pension and other post-employment benefits (See Notes 16 and 17).

CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 925	\$ 862
Operating grants and contributions	41	37
Capital grants and contributions	804	751
General revenues:		
Property taxes	20,986	19,994
Excises	1,010	944
Penalties and interest on taxes	77	87
Grants and contributions not restricted to specific programs	215	210
Investment income	41	17
Other	<u>132</u>	<u>385</u>
Total revenues	24,231	23,287
Expenses:		
General government	2,547	2,155
Public safety	2,798	2,765
Education	15,041	14,835
Public works	1,990	2,135
Human services	247	214
Culture and recreation	954	797
Interest on long-term debt	489	766
Intergovernmental	<u>10</u>	<u>8</u>
Total expenses	<u>24,076</u>	<u>23,675</u>
Change in net position before transfers	155	(388)
Transfers in (out)	<u>12</u>	<u>133</u>
Change in net position	167	(255)
Net position - beginning of year as restated	<u>35,037</u>	<u>36,652</u>
Net position - end of year	<u>\$ 35,204</u>	<u>\$ 36,397</u>

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

Governmental activities. Governmental activities for the year resulted in a change in net position of \$166,798. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 139,330
Other governmental funds accrual basis	387,640
Depreciation expense in excess of principal debt service	(77,176)
Change in net pension liability and related deferred outflows/inflows	(530,806)
Change in net OPEB liability	(47,603)
Change in long-term liabilities	<u>295,413</u>
Total	<u>\$ 166,798</u>

D. FINANCIAL ANALYSIS OF FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,827,391, a change of \$(317,292) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ 139,330
Nonmajor funds operating results	<u>(456,622)</u>
Total	<u><u>\$ (317,292)</u></u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,696,046, while total fund balance was \$3,354,122. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 2,696,046	\$ 2,542,163	\$ 153,883	11.6%
Total fund balance	\$ 3,354,122	\$ 3,214,792	\$ 139,330	14.4%

The total fund balance of the general fund changed by \$139,330 during the current fiscal year. Key factors in this change are as follows:

Use of free cash and overlay surplus as a funding source	\$ (389,380)
Revenues in excess of budget	359,020
Expenditures less than budget	323,026
Shortfall of tax collections over budget	84,698
Excess of current year encumbrances to be spent in the subsequent year over prior year encumbrances spent in the current year	201
Change in stabilization	(42,027)
Other	<u>(196,208)</u>
Total	<u><u>\$ 139,330</u></u>

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

	<u>6/30/18</u>	<u>6/30/17</u>	<u>Change</u>
General stabilization	\$ 992,071	\$ 984,659	\$ 7,412
Capital stabilization	<u>20,609</u>	<u>70,048</u>	<u>(49,439)</u>
Total	<u>\$ 1,012,680</u>	<u>\$ 1,054,707</u>	<u>\$ (42,027)</u>

E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$45,708,168 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

- \$268,000 – Berlin culvert replacement
- \$149,150 – Wilder culvert replacement
- \$208,958 – Road improvements

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

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$7,660,000, all of which was backed by the full faith and credit of the Town.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Bolton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Town Accountant
Town of Bolton
663 Main Street
Bolton, Massachusetts 01740

TOWN OF BOLTON, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 5,287,208
Receivables, net of allowance for uncollectibles:	
Property taxes	156,298
Excises	63,355
Departmental and other	37,144
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	514,373
Capital assets:	
Land and construction in progress	10,457,600
Other capital assets, net of accumulated depreciation	35,250,568
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	1,087,277
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	52,853,823
LIABILITIES	
Current:	
Warrants payable	262,614
Accounts payable	14,248
Accrued liabilities	206,194
Notes payable	1,170,620
Other current liabilities	23
Current portion of long-term liabilities:	
Bonds payable	890,000
Other	10,958
Noncurrent:	
Bonds payable, net of current portion	6,770,000
Net pension liability	6,041,853
Net OPEB liability	1,930,535
Other, net of current portion	147,199
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	205,670
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	17,649,914
NET POSITION	
Net investment in capital assets	37,394,795
Restricted for:	
Grants and other statutory restrictions	723,837
Permanent funds:	
Nonexpendable	54,124
Expendable	345,681
Unrestricted	(3,314,528)
TOTAL NET POSITION	\$ 35,203,909

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

TOWN OF BOLTON, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for	Operating	Capital	
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u> <u>Contributions</u>	<u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:					
General government	\$ 2,547,427	\$ 555,464	\$ -	\$ 257,360	\$ (1,734,603)
Public safety	2,797,516	307,517	12,423	-	(2,477,576)
Education	15,040,504	27,883	4,568	431,760	(14,576,293)
Public works	1,989,665	-	10,514	114,900	(1,864,251)
Health and human services	246,725	12,184	-	-	(234,541)
Culture and recreation	955,039	21,797	12,998	-	(920,244)
Interest	488,544	-	-	-	(488,544)
Intergovernmental	10,031	-	-	-	(10,031)
Total Governmental Activities	<u>\$ 24,075,451</u>	<u>\$ 924,845</u>	<u>\$ 40,503</u>	<u>\$ 804,020</u>	(22,306,083)
General Revenues and Transfers:					
					20,986,052
Property taxes					1,009,877
Excises					76,915
Penalties, interest and other taxes					215,384
Grants and contributions not restricted to specific programs					41,038
Investment income					131,615
Miscellaneous					12,000
Transfers, net					<u>22,472,881</u>
Total general revenues and transfers					166,798
Change in Net Position					
Net Position:					
Beginning of year, as restated					<u>35,037,111</u>
End of year					<u>\$ 35,203,909</u>

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

TOWN OF BOLTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and short-term investments	\$ 3,601,915	\$ 1,685,293	\$ 5,287,208
Receivables:			
Property taxes	773,597	-	773,597
Excises	81,730	-	81,730
Departmental and other	8,212	207,789	216,001
TOTAL ASSETS	<u>\$ 4,465,454</u>	<u>\$ 1,893,082</u>	<u>\$ 6,358,536</u>
LIABILITIES			
Warrants payable	\$ 233,841	\$ 28,773	\$ 262,614
Accounts payable	14,248	-	14,248
Accrued liabilities	141,472	12,631	154,103
Notes payable	-	1,170,620	1,170,620
Other liabilities	23	-	23
TOTAL LIABILITIES	<u>389,584</u>	<u>1,212,024</u>	<u>1,601,608</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	721,748	207,789	929,537
FUND BALANCES			
Nonspendable	-	54,124	54,124
Restricted	-	1,006,182	1,006,182
Committed	20,609	-	20,609
Assigned	637,467	-	637,467
Unassigned	2,696,046	(587,037)	2,109,009
TOTAL FUND BALANCES	<u>3,354,122</u>	<u>473,269</u>	<u>3,827,391</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,465,454</u>	<u>\$ 1,893,082</u>	<u>\$ 6,358,536</u>

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

TOWN OF BOLTON, MASSACHUSETTS

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

JUNE 30, 2018

Total governmental fund balances	\$ 3,827,391
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	45,708,168
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	629,379
• Long-term liabilities, including bonds payable, net pension liability, net OPEB liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(14,908,938)
• Other	<u>(52,091)</u>
Net position of governmental activities	<u><u>\$ 35,203,909</u></u>

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

TOWN OF BOLTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Property taxes	\$ 20,987,256	\$ -	\$ 20,987,256
Excises	1,004,885	-	1,004,885
Penalties, interest and other taxes	76,915	-	76,915
Charges for services	224,227	180,432	404,659
Intergovernmental	722,118	656,605	1,378,723
Licenses and permits	196,329	-	196,329
Fines and forfeitures	40,414	-	40,414
Investment income	38,814	2,224	41,038
Miscellaneous	<u>2,354</u>	<u>132,061</u>	<u>134,415</u>
Total Revenues	23,293,312	971,322	24,264,634
Expenditures:			
Current:			
General government	1,231,133	546,866	1,777,999
Public safety	2,067,645	164,245	2,231,890
Education	14,624,810	-	14,624,810
Public works	1,732,381	546,537	2,278,918
Health and human services	143,599	11,082	154,681
Culture and recreation	453,441	16,214	469,655
Employee benefits	1,152,558	-	1,152,558
Debt service	1,893,384	-	1,893,384
Intergovernmental	<u>10,031</u>	<u>-</u>	<u>10,031</u>
Total Expenditures	<u>23,308,982</u>	<u>1,284,944</u>	<u>24,593,926</u>
Excess (deficiency) of revenues over expenditures	(15,670)	(313,622)	(329,292)
Other Financing Sources (Uses):			
Transfers in	205,000	12,000	217,000
Transfers out	<u>(50,000)</u>	<u>(155,000)</u>	<u>(205,000)</u>
Total Other Financing Sources (Uses)	<u>155,000</u>	<u>(143,000)</u>	<u>12,000</u>
Change in fund balance	139,330	(456,622)	(317,292)
Fund Balance, at Beginning of Year	<u>3,214,792</u>	<u>929,891</u>	<u>4,144,683</u>
Fund Balance, at End of Year	<u>\$ 3,354,122</u>	<u>\$ 473,269</u>	<u>\$ 3,827,391</u>

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

TOWN OF BOLTON, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2018

Net changes in fund balances - total governmental funds	\$ (317,292)																
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td>Capital outlay</td><td style="text-align: right;">1,255,278</td></tr> <tr> <td>Depreciation</td><td style="text-align: right;">(1,472,176)</td></tr> </table> The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td>Repayments of debt</td><td style="text-align: right;">1,395,000</td></tr> </table> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table> <tr> <td></td><td style="text-align: right;">(34,386)</td></tr> </table> 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: <table> <tr> <td>Net pension liability and related deferred outflows and inflows of resources</td><td style="text-align: right;">(530,806)</td></tr> <tr> <td>Net OPEB liability</td><td style="text-align: right;">(47,603)</td></tr> <tr> <td>Other</td><td style="text-align: right;">(91,057)</td></tr> </table> Other differences. <table> <tr> <td></td><td style="text-align: right;">9,840</td></tr> </table> 	Capital outlay	1,255,278	Depreciation	(1,472,176)	Repayments of debt	1,395,000		(34,386)	Net pension liability and related deferred outflows and inflows of resources	(530,806)	Net OPEB liability	(47,603)	Other	(91,057)		9,840	
Capital outlay	1,255,278																
Depreciation	(1,472,176)																
Repayments of debt	1,395,000																
	(34,386)																
Net pension liability and related deferred outflows and inflows of resources	(530,806)																
Net OPEB liability	(47,603)																
Other	(91,057)																
	9,840																
Change in net position of governmental activities	\$ <u>166,798</u>																

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

TOWN OF BOLTON, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources:				
Property Taxes	\$ 20,902,558	\$ 20,902,558	\$ 20,902,558	\$ -
Excise	850,000	850,000	1,004,885	154,885
Penalties, interest and other taxes	59,000	59,000	76,915	17,915
Charges for services	214,191	214,191	224,227	10,036
Intergovernmental	681,872	681,872	722,118	40,246
Licenses and permits	140,000	140,000	196,329	56,329
Fines and forfeitures	40,000	40,000	40,414	414
Investment income	9,000	9,000	30,841	21,841
Miscellaneous	-	-	2,354	2,354
Transfers in	150,000	150,000	205,000	55,000
Use of free cash	389,380	389,380	389,380	-
Other sources	196,208	196,208	196,208	-
Total Revenues and Other Sources	23,632,209	23,632,209	23,991,229	359,020
Expenditures and Other Uses:				
General government	1,292,955	1,292,955	1,200,282	92,673
Public safety	2,121,719	2,121,719	2,051,387	70,332
Education	14,504,395	14,504,395	14,484,671	19,724
Public works	2,009,075	2,009,075	1,920,022	89,053
Health and human services	147,944	147,944	143,599	4,345
Culture and recreation	456,228	456,228	453,441	2,787
Employee benefits	1,191,788	1,191,788	1,152,366	39,422
Debt service	1,898,074	1,898,074	1,893,384	4,690
Intergovernmental	10,031	10,031	10,031	-
Total Expenditures and Other Uses	23,632,209	23,632,209	23,309,183	323,026
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 682,046	\$ 682,046

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

TOWN OF BOLTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Other Post Employment Benefits <u>Trust Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ -	\$ 18,102	\$ 768,646
Investments	<u>614,151</u>	<u>-</u>	<u>-</u>
Total Assets	614,151	18,102	768,646
 LIABILITIES AND NET POSITION			
Other liabilities	<u>-</u>	<u>-</u>	<u>768,646</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>768,646</u>
 NET POSITION			
Restricted for OPEB	614,151	-	-
Restricted for other purposes	<u>-</u>	<u>18,102</u>	<u>-</u>
Total Net Position	<u><u>\$ 614,151</u></u>	<u><u>\$ 18,102</u></u>	<u><u>\$ -</u></u>

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

TOWN OF BOLTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Other Post Employment Benefits <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
Additions:		
Contributions:		
Employers	\$ 284,090	\$ -
Total contributions	284,090	-
Investment Income:		
Interest	23,775	70
Increase in fair value of investments	<u>7,008</u>	<u>-</u>
Net investment income	<u>30,783</u>	<u>70</u>
Total additions	314,873	70
Deductions:		
Benefit payments to plan members, beneficiaries and other systems	98,297	-
Other	<u>-</u>	<u>250</u>
Total deductions	<u>98,297</u>	<u>250</u>
Net increase (decrease)	216,576	(180)
Net position restricted for pensions and other purposes:		
Beginning of year	<u>397,575</u>	<u>18,282</u>
End of year	<u>\$ 614,151</u>	<u>\$ 18,102</u>

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

Town of Bolton, Massachusetts

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2018, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Town reports the following fiduciary funds:

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

D. Cash and Short-Term Investments

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

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

E. Investments

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

Investments for the trust funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value.

F. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2018 tax levy reflected an excess capacity of \$296,165.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

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

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

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. *Use of Estimates*

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

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

A. *Budgetary Information*

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

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

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

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

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 23,293,312	\$ 23,308,982
Other financing sources/uses (GAAP Basis)	<u>205,000</u>	<u>50,000</u>
Subtotal (GAAP Basis)	23,498,312	23,358,982
Remove effect of combining stabilization and general fund	(7,973)	(50,000)
Adjust tax revenue to accrual basis	(84,698)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(557,136)
Add end-of-year appropriation carryforwards from expenditures	-	557,337
Other sources	196,208	-
To record use of free cash	<u>389,380</u>	<u>-</u>
Budgetary Basis	<u>\$ 23,991,229</u>	<u>\$ 23,309,183</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2018.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2018, \$4,798,218 of the Town's bank balance of \$6,103,596 was exposed to custodial credit risk as uninsured or uncollateralized. \$162,279 of the Town's uninsured and uncollateralized amount is on deposit with the Massachusetts Municipal Depository Trust, which is the state investment pool as authorized by Massachusetts General Law, Chapter 29, Section 38A.

4. Investments

A. Credit Risk

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

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>
Corporate equities	\$ 419	N/A	\$ 419
Mutual funds	<u>195</u>	N/A	<u>195</u>
Total investments	<u>\$ 614</u>		<u>\$ 614</u>

B. Custodial Credit Risk

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

The Town's investments are subject to custodial credit risk exposure because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

The Town does not have an investment in one issuer greater than 5% of total investments.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

	Investment Maturities (in Years)	
<u>Investment Type</u>	<u>Amount</u>	<u>1-5</u>
Corporate equities	\$ 419	\$ 419
Mutual funds	<u>195</u>	<u>195</u>
Total	<u>\$ 614</u>	<u>\$ 614</u>

D. Foreign Currency Risk

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

E. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application* (GASB 72). The hierarchy

is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Town's investments are classified as Level 1.

5. Property Taxes and Excises Receivable

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

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

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

Property taxes and excise receivables at June 30, 2018 consist of the following:

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
Real estate taxes	\$ 198,952	\$ (43,482)	\$ 155,470
Personal property taxes	3,320	(2,492)	828
Tax liens	<u>571,325</u>	<u>(56,952)</u>	<u>514,373</u>
Total property taxes	\$ <u>773,597</u>	\$ <u>(102,926)</u>	670,671
Less current portion			<u>156,298</u>
Noncurrent taxes receivable			\$ 514,373
Motor vehicle excise	\$ <u>81,730</u>	\$ <u>(18,375)</u>	\$ <u>63,355</u>
Total excises	\$ <u>81,730</u>	\$ <u>(18,375)</u>	\$ <u>63,355</u>

6. Interfund Fund Accounts

Transfers

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

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 205,000	\$ 50,000
Nonmajor Funds:		
Special Revenue Funds	<u>12,000</u>	<u>155,000</u>
Subtotal Nonmajor Funds	<u>12,000</u>	<u>155,000</u>
Grand Total	<u>\$ 217,000</u>	<u>\$ 205,000</u>

Of the transfer into the special revenue funds, \$12,000 was transferred from the agency fund. The Town's other routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them.

7. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 45,382	\$ 25	\$ -	\$ 45,407
Machinery, equipment, and furnishings	2,908	410	(51)	3,267
Infrastructure	<u>3,079</u>	<u>626</u>	<u>-</u>	<u>3,705</u>
Total capital assets, being depreciated	51,369	1,061	(51)	52,379
Less accumulated depreciation for:				
Buildings and improvements	(14,229)	(1,082)	-	(15,311)
Machinery, equipment, and furnishings	(1,119)	(304)	51	(1,372)
Infrastructure	<u>(359)</u>	<u>(86)</u>	<u>-</u>	<u>(445)</u>
Total accumulated depreciation	<u>(15,707)</u>	<u>(1,472)</u>	<u>51</u>	<u>(17,128)</u>
Total capital assets, being depreciated, net	35,662	(411)	-	35,251
Capital assets, not being depreciated:				
Land	8,273	195	-	8,468
Intangible	<u>1,990</u>	<u>-</u>	<u>-</u>	<u>1,990</u>
Total capital assets, not being depreciated	<u>10,263</u>	<u>195</u>	<u>-</u>	<u>10,458</u>
Governmental activities capital assets, net	<u>\$ 45,925</u>	<u>\$ (216)</u>	<u>\$ -</u>	<u>\$ 45,709</u>

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

Governmental Activities:	
General government	\$ 40
Public safety	298
Education	580
Public works	224
Culture and recreation	<u>330</u>
Total depreciation expense - governmental activities	<u>\$ 1,472</u>

8. Deferred Outflows of Resources

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

9. Warrants and Accounts Payable

Warrants payable represent 2018 expenditures paid by July 15, 2018. Accounts payable represent additional 2018 expenditures paid after July 15, 2018.

10. Notes Payable

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/18</u>
Berlin Road culvert repair	1.95%	06/08/18	06/07/19	\$ 214,000
Wilder Road culvert repair	1.95%	06/08/18	06/07/19	148,000
Town Hall external repairs and engineering	1.95%	06/08/18	06/07/19	259,000
Police cruiser	1.95%	06/08/18	06/07/19	13,000
DPW truck	1.95%	06/08/18	06/07/19	75,000
DPW tractor/loader backhoe	1.95%	06/08/18	06/07/19	67,000
DPW sander body replacement/repair	1.95%	06/08/18	06/07/19	47,000
Town Common	1.95%	06/08/18	06/07/19	195,000
Long Hill Road culvert repair	1.95%	06/08/18	06/07/19	<u>152,620</u>
Total				<u>\$ 1,170,620</u>

The following summarizes activity in notes payable during fiscal year 2018:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Maturities</u>	<u>Balance End of Year</u>
Berlin Road culvert repair	\$ 241,000	\$ -	\$ (241,000)	\$ -
Wilder Road culvert repair	167,000	-	(167,000)	-
Town Hall external repairs and engineering	292,000	-	(292,000)	-
Police cruiser	26,000	-	(26,000)	-
DPW truck	90,000	-	(90,000)	-
DPW tractor/loader backhoe	80,000	-	(80,000)	-
DPW sander body replacement/repair	56,000	-	(56,000)	-
Public safety repeater system	271,855	-	(271,855)	-
Berlin Road culvert repair	-	214,000	-	214,000
Wilder Road culvert repair	-	148,000	-	148,000
Town Hall external repairs and engineering	-	259,000	-	259,000
Police cruiser	-	13,000	-	13,000
DPW truck	-	75,000	-	75,000
DPW tractor/loader backhoe	-	67,000	-	67,000
DPW sander body replacement/repair	-	47,000	-	47,000
Town Common	-	195,000	-	195,000
Long Hill Road culvert repair	-	152,620	-	152,620
Total	<u>\$ 1,223,855</u>	<u>\$ 1,170,620</u>	<u>\$ (1,223,855)</u>	<u>\$ 1,170,620</u>

11. Long-Term Debt

A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/18</u>
School remodeling	6/30/21	4.95%	\$ 285,000
Landfill and transfer station	6/30/21	4.86%	122,000
Land acquisition	6/30/21	4.89%	108,000
Land acquisition	6/30/23	4.31%	490,000
Sewer treatment	6/30/27	4.34%	1,125,000
Library	6/30/28	3.75%	1,371,000
Public safety	6/30/28	3.75%	214,000
Library	6/30/29	3.83%	458,000
Public safety	6/30/29	3.81%	726,000
Public safety II	6/30/29	3.84%	136,000
GOB public safety facility	6/30/29	3.23%	2,625,000
Total Governmental Activities			<u>\$ 7,660,000</u>

B. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 890,000	\$ 299,312	\$ 1,189,312
2020	895,000	261,244	1,156,244
2021	855,000	225,086	1,080,086
2022	725,000	193,953	918,953
2023	725,000	166,321	891,321
2024 - 2028	3,160,000	437,131	3,597,131
2029	410,000	11,198	421,198
Total	<u>\$ 7,660,000</u>	<u>\$ 1,594,245</u>	<u>\$ 9,254,245</u>

C. Changes in General Long-Term Liabilities

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

	Total Balance <u>7/1/17</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/18</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/18</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 9,055	\$ -	\$ (1,395)	\$ 7,660	\$ (890)	\$ 6,770
Net pension liability	5,856	186	-	6,042	-	6,042
Net OPEB liability	1,883	48	-	1,931	-	1,931
Other:						
Landfill liability	67	-	(6)	61	(6)	55
Compensated absences	-	97	-	97	(5)	92
Subtotal - other	<u>67</u>	<u>97</u>	<u>(6)</u>	<u>158</u>	<u>(11)</u>	<u>147</u>
Totals	<u>\$ 16,861</u>	<u>\$ 331</u>	<u>\$ (1,401)</u>	<u>\$ 15,791</u>	<u>\$ (901)</u>	<u>\$ 14,890</u>

12. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

The \$61,000 reported as landfill postclosure care liability at June 30, 2018 represents the remaining estimated postclosure maintenance costs. These amounts are based on what it would cost to perform all postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

13. **Deferred Inflows of Resources**

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

14. **Governmental Funds - Balances**

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

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

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

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

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

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

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

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

Following is a breakdown of the Town's fund balances at June 30, 2018:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 54,124	\$ 54,124
Total Nonexpendable	-	54,124	54,124
Restricted			
Special revenue funds	-	726,837	726,837
Expendable permanent funds	-	279,345	279,345
Total Restricted	-	1,006,182	1,006,182
Committed			
Stabilization fund for Wastewater Treatment Facility	20,609	-	20,609
Total Committed	20,609	-	20,609
Assigned			
Encumbrances			
General government	10,205	-	10,205
Public safety	89,291	-	89,291
Education	31,385	-	31,385
Public works	426,456	-	426,456
Reserved for expenditures	60,568	-	60,568
Reserved for debt service	19,562	-	19,562
Total Assigned	637,467	-	637,467
Unassigned			
General operating stabilization	992,071	-	992,071
Unassigned	1,703,975	(587,037)	1,116,938
Total Unassigned	2,696,046	(587,037)	2,109,009
Total Fund Balance	\$ 3,354,122	\$ 473,269	\$ 3,827,391

15. General Fund Unassigned Fund Balance

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

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

GAAP basis balance	\$ 2,696,046
Stabilization fund	(992,071)
Statutory (UMAS) Balance	\$ 1,703,975

16. **Worcester County Retirement System**

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

A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Worcester Regional Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 23 Midstate Drive, Suite 106, Midstate Office Park, Auburn, Massachusetts 01501 or from the System's website at www.worcesterregionalretirement.org.

Participant Retirement Benefits

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

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

ments, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

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

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

Participant Refunds

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

Participants Contributions

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

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

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

Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2018 was \$374,912, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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

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

At June 30, 2018, the Town reported a liability of \$6,041,853 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.740943 percent.

For the year ended June 30, 2018, the Town recognized pension expense of \$905,719. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,193	\$ -
Changes of assumptions	575,771	-
Net difference between projected and actual earnings on pension plan investments	-	188,387
Changes in proportion and differences between contributions and proportionate share of contributions	<u>471,313</u>	<u>17,283</u>
Total	<u>\$ 1,087,277</u>	<u>\$ 205,670</u>

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

Year ended June 30:

2019	\$ 278,215
2020	277,551
2021	208,475
2022	74,272
2023	<u>43,094</u>
Total	<u>\$ 881,607</u>

D. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.25% - 7%, based on service
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	40.00%	4.91%
Fixed Income	22.00%	2.04%
Private Equity	11.00%	6.50%
Real Estate	10.00%	3.70%
Timber/Natural Resources	4.00%	3.25%
Hedge Funds	<u>13.00%</u>	3.40%
Total	<u>100.00%</u>	

E. Discount Rate

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

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

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

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 7,363,722	\$ 6,041,853	\$ 4,925,531

G. Pension Plan Fiduciary Net Position

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

17. Other Post-Employment Benefits (GASB 74 and GASB 75)

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), replaces the requirements of *Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2014, the Town established an OPEB Trust Fund to provide funding for future employee health care costs.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods

and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The Town has elected to use the alternative measurement method instead of obtaining an actuarial valuation. GASB 75 allows employers with less than 100 total plan members to apply a simplified alternative measurement method instead of obtaining actuarial valuations. The alternative method includes the same broad measurement steps as an actuarial valuation; however, it permits simplification of certain assumptions to make the method usable by nonspecialists.

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

A. General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Minuteman Nashoba Health Group. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws.

Benefits Provided

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

Plan Membership

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	15
Active employees	<u>39</u>
Total	<u><u>54</u></u>

B. Investments

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

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was not available. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Actuarial Assumptions and Other Inputs

The Town has elected to use the alternative measurement method instead of obtaining an actuarial valuation. GASB 75 allows employers with less than 100 total plan members to apply a simplified alternative measurement method instead of obtaining actuarial valuations. The alternative method includes the same broad measurement steps as an actuarial valuation; however, it permits simplification of certain assumptions to make the method usable by nonspecialists.

The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3%
Salary increases	2.9%, average, including inflation
Investment rate of return	6.5%, net of OPEB plan investment expense
Municipal bond rate	3%
Discount rate	6.50%
Healthcare cost trend rates	4.6% for 2017, fluctuating 0.1% to an ultimate rate of 4.7% as of 2028 and later years

Mortality rates were based on the RP-2000 Mortality Table for Males and Females projected 18 years; this assumption does not include a margin for future improvements in longevity.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	34.13%	6.11%
International Equity	21.20%	2.78%
Domestic Bond	21.50%	3.82%
International Bond	5.36%	3.94%
Alternatives	17.63%	3.67%
Private Equity	0.00%	12.06%
Cash	0.18%	0.00%
Total	<u>100.00%</u>	

D. Discount Rate

The discount rate used to measure the net OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

E. Net OPEB Liability

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

Total OPEB liability	\$ 2,544,686
Plan fiduciary net position	<u>614,151</u>
Net OPEB liability	<u><u>\$ 1,930,535</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	24.13%

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	(b)	(a) - (b)
Balances, beginning of year	\$ 2,280,507	\$ 397,575	\$ 1,882,932
Changes for the year:			
Service cost	70,508	-	70,508
Interest	149,671	-	149,671
Contributions - employer	-	284,090	(284,090)
Net investment income	-	30,783	(30,783)
Differences between expected and actual experience	426,887	-	426,887
Changes in assumptions or other inputs	(284,590)	-	(284,590)
Benefit payments	<u>(98,297)</u>	<u>(98,297)</u>	<u>-</u>
Net Changes	<u>264,179</u>	<u>216,576</u>	<u>47,603</u>
Balances, end of year	<u><u>\$ 2,544,686</u></u>	<u><u>\$ 614,151</u></u>	<u><u>\$ 1,930,535</u></u>

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

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

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 2,215,199	\$ 1,930,535	\$ 1,690,270

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

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

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 1,669,466	\$ 1,930,535	\$ 2,243,037

18. Commitments and Contingencies

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

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

19. Beginning Net Position Restatement

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

Government-Wide Financial Statements:

	Governmental <u>Activities</u>
As previously reported	\$ 21,401,135
Capital asset adjustment	14,996,343
Implementation of GASB 75 OPEB	<u>(1,360,367)</u>
As restated	<u><u>\$ 35,037,111</u></u>

TOWN OF BOLTON, MASSACHUSETTS
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)
JUNE 30, 2018
(Unaudited)

Worcester Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2018	December 31, 2017	0.740943%	\$6,041,853	\$ 2,079,408	290.56%	46.40%
June 30, 2017	December 31, 2016	0.699152%	\$5,856,055	\$ 2,366,609	247.44%	42.00%
June 30, 2016	December 31, 2015	0.703198%	\$4,991,349	\$ 2,462,134	202.72%	44.52%
June 30, 2015	December 31, 2014	0.626075%	\$3,725,574	\$ 2,367,437	157.37%	47.94%

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

See Independent Auditors' Report.

TOWN OF BOLTON, MASSACHUSETTS

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

**JUNE 30, 2018
(Unaudited)**

Worcester Regional Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	December 31, 2017	\$ 374,912	\$ 374,912	\$ -	\$ 2,079,408	18.03%
June 30, 2017	December 31, 2016	\$ 339,612	\$ 339,612	\$ -	\$ 2,366,609	14.35%
June 30, 2016	December 31, 2015	\$ 316,341	\$ 316,341	\$ -	\$ 2,462,134	12.85%
June 30, 2015	December 31, 2014	\$ 247,419	\$ 247,419	\$ -	\$ 2,367,437	10.45%

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

See Independent Auditors' Report.

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

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

(Unaudited)

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 70,508	\$ 71,791
Interest on unfunded liability - time value of \$	149,671	109,870
Differences between expected and actual experience	426,887	104,956
Changes of assumptions	(284,590)	-
Benefit payments, including refunds of member contributions	<u>(98,297)</u>	<u>(90,086)</u>
Net change in total OPEB liability	264,179	196,531
Total OPEB liability - beginning	<u>2,280,507</u>	<u>2,083,976</u>
Total OPEB liability - ending (a)	2,544,686	2,280,507
Plan fiduciary net position		
Contributions - employer	284,090	274,144
Net investment income	30,783	24,325
Benefit payments, including refunds of member contributions	<u>(98,297)</u>	<u>(90,086)</u>
Net change in plan fiduciary net position	216,576	208,383
Plan fiduciary net position - beginning	<u>397,575</u>	<u>189,192</u>
Plan fiduciary net position - ending (b)	<u>614,151</u>	<u>397,575</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 1,930,535</u>	<u>\$ 1,882,932</u>

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

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

See Independent Auditors' Report.

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

Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74 and 75)

(Unaudited)

Schedule of Net OPEB Liability

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 2,544,686	\$ 2,280,507
Plan fiduciary net position	<u>614,151</u>	<u>397,575</u>
Net OPEB liability (asset)	<u>\$ 1,930,535</u>	<u>\$ 1,882,932</u>
Plan fiduciary net position as a percentage of the total OPEB liability	24.13%	17.43%
Covered employee payroll	\$ 3,296,096	\$ 3,358,764
Participating employer net OPEB liability (asset) as a percentage of covered employee payroll	58.57%	56.06%

Schedule of Contributions

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 219,741	\$ 189,509
Contributions in relation to the actuarially determined contribution	<u>284,090</u>	<u>274,144</u>
Contribution deficiency (excess)	<u>\$ (64,349)</u>	<u>\$ (84,635)</u>
Covered employee payroll	\$ 3,296,096	\$ 3,358,764
Contributions as a percentage of covered employee payroll	8.62%	8.16%

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	unavailable	3.59%

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

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

See Independent Auditors' Report.