

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2018

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of West Brookfield, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of West Brookfield, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of West Brookfield, Massachusetts' 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. 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.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management did not complete an actuarial valuation of its Other Post Employment Benefits (OPEB) plan as required under GASB Statement No. 74 and GASB Statement No. 75 and, accordingly, did not update its OPEB liability on the financial statements. In addition, management has not recorded an expense for the current period change in the OPEB liability on the government-wide financial statements. The Town has adopted an OPEB Trust in accordance with the standard. Accounting principles generally accepted in the United States of America require that an actuarial determined OPEB liability be accrued, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect these financial statements has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town of West Brookfield, Massachusetts, as of June 30, 2018, and the changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the water fund and aggregate remaining fund information of the Town of West Brookfield, Massachusetts, as of June 30, 2018, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, pension plan and other postemployment benefit plan schedules as listed on the table of contents 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Brookfield, Massachusetts’ basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

March 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of West Brookfield, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$8,404,992 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7,519,441, or an increase of \$885,551 (12%).
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the Town recognized increases to the Other Post Employment Benefits (OPEB) obligation payable of \$701,858 on the statement of net position from the previous year, see Note 6.
- At the close of the current fiscal year, the Town's total governmental funds reported total ending fund balance of \$4,464,341 this year, a decrease of \$37,497 (1%).
- The General Fund's total fund balance decreased \$294,485 (10%) to \$2,755,319. The ending General fund balance is 36% of revenues, transfers in, and sale of tax foreclosure property; and 35% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$345,466 (6%) to \$5,899,614 during the fiscal year. This was mainly attributed to net decreases in bond anticipation notes payable of \$175,000, in bonds payable of \$43,000 and in the net pension liability of \$134,001.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$420,226. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$139,500 and excess over budget state, local receipts of \$357,000 and excess over budget other financing sources of \$113,200.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of West Brookfield's basic financial statements. These basic financial statements are comprised of 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 finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, water, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The Town does not have any functions classified as business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into 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 statements focus on *near-term inflows 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 financial 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 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 decision. 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*.

The Town of West Brookfield adopts an annual appropriated budget for its 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.

Notes to the basic 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.

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2018	2017	Change
Assets:			
Current assets	\$ 5,790,012	\$ 5,779,404	\$ 10,608
Capital assets	8,651,512	7,863,053	788,459
Total assets	14,441,524	13,642,457	799,067
Deferred Outflows of Resources	382,943	626,858	(243,915)
Liabilities:			
Current liabilities (excluding debt)	318,402	329,351	(10,949)
Current debt	43,000	218,000	(175,000)
Noncurrent liabilities (excluding debt)	5,409,212	5,525,729	(116,517)
Noncurrent debt	129,000	172,000	(43,000)
Total liabilities	5,899,614	6,245,080	(345,466)
Deferred Inflows of Resources	519,861	504,794	15,067
Net Position:			
Net Investment in Capital Assets	8,479,512	7,473,053	1,006,459
Restricted	1,557,605	1,371,493	186,112
Unrestricted	(1,632,125)	(1,325,105)	(307,020)
Total net position	\$ 8,404,992	\$ 7,519,441	\$ 885,551

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 626,340	\$ 730,417	\$ (104,077)
Operating grants and contributions	622,453	459,586	162,867
Capital grants and contributions	1,271,938	236,200	1,035,738
General Revenues:			
Property taxes	5,815,309	5,514,920	300,389
Motor vehicle and other taxes	592,101	496,878	95,223
Penalties and interest on taxes	79,453	58,083	21,370
Nonrestricted grants	547,107	533,658	13,449
Unrestricted investment income	23,249	39,205	(15,956)
Gain/(Loss) on sale of capital assets	83,318	-	83,318
Miscellaneous	2,609	918	1,691
Total revenues	9,663,877	8,069,865	1,594,012
Expenses:			
General government	678,228	674,830	3,398
Public safety	1,122,498	1,099,577	22,921
Public works	1,106,136	946,786	159,350
Water	407,432	415,620	(8,188)
Education	3,961,196	3,920,480	40,716
Health and human services	218,060	227,881	(9,821)
Culture and recreation	332,120	329,940	2,180
Employee benefits and insurance	856,225	886,940	(30,715)
State assessments	93,629	69,515	24,114
Interest	4,302	6,211	(1,909)
Total expenses	8,779,826	8,577,780	202,046
Net (expenses) revenues	884,051	(507,915)	1,391,966
Contributions to permanent funds	1,500	2,400	(900)
Change in net position	885,551	(505,515)	1,391,966
Net position - beginning of year	7,519,441	8,024,956	(505,515)
Net position - end of year	\$ 8,404,992	\$ 7,519,441	\$ 885,551

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,404,992 at the close of fiscal year 2018.

Net position of \$8,479,512 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its 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 the net position, \$1,557,605 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$1,632,125).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position increased by \$885,551 (12%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2018 was attributed to the acquisition of \$1,456,207 in new capital assets exceeding the sale of capital assets of \$29,182 and the depreciation expense (normally spread out over the useful life of the asset) for the year of \$638,566, increases in the change in unavailable revenues of \$237,460 and in recognizing this year's pension liability of \$134,001, and a decrease in the change deferred outflow/(inflow) of resources related to pensions of \$258,982.

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 *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, the general fund *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,464,341, a decrease of \$37,497 (1%) in comparison with the prior year.

The breakdown of the governmental fund balances is as follows:

- Nonspendable fund balance – \$296,582 (7%).
- Restricted fund balance – \$1,011,728 (23%).
- Committed fund balance – \$504,135 (11%).
- Assigned fund balance – \$776,902 (17%).
- Unassigned fund balance – \$1,874,994 (42%).

At the end of the fiscal year, the *General Fund* reported a fund balance of \$2,755,319 decreasing \$294,485 (10%) from the prior year. Of the \$2,755,319, the unassigned amount is \$1,978,417 (72%) and the assigned amount is \$776,902 (28%). General fund revenues were \$313,107 (4%) more than the prior fiscal year and expenditures also increased by \$173,066 (2%). Other activities in the General Fund were net transfers to other funds of \$466,039 and the sale of tax foreclosure property of \$112,500.

The main components of the increase in general fund revenues are related to the increases in property taxes in the amount of \$214,354 (4%), in intergovernmental receipts of \$53,043 (7%) and in excise and other taxes of \$73,498 (13%) from the prior year.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Decrease in Public safety expenditures of \$42,122 (5%).
- Increase in Public works expenditures of \$86,785 (12%).
- Increase in Education expenditures of \$40,716 (1%).
- Increase in Debt service (principal and interest) of \$46,884 (99%).

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$450,893 and shows an increase of \$187,582 (71%) in total operations. This change resulted from expenditures exceeding revenues by \$108,455 and transfers from the general fund of \$296,037. Revenues decreased by \$8,051 (2%) while operating expenses increased by \$133,487 (41%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$7,987,089. This was an increase of \$71,399 (1%) over the previous year's budget.

There was an increase between the total original budget including the amounts carried forward and the total final amended budget. The change is attributed to adjustments voted at the special town meeting and the annual town meeting in June 2018 for various budget operating line items.

General fund expenditures were less than budgeted by \$561,078. Of the \$561,078 in under budget expenditures, \$421,595 has been carried over to fiscal year 2019.

There are negative variances in property taxes of \$16,070 and in intergovernmental receipts of \$16,534 as the expectation (budget) was higher than the receipts.

There are negative variances in public works of \$73,376 as the actual expenses exceeded the budget and in state assessments of \$25,090 due to higher actual payments in the school choice sending tuitions assessments.

The variance with the final budget was a positive \$480,358 consisting of a revenue surplus of \$340,875 and an appropriation surplus of \$139,483.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$8,651,512.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Fire Station exhaust system for \$39,997.
- Fire Department vehicle purchase for \$39,916.
- Highway vehicle purchase for \$46,982.
- Road and sidewalk infrastructure improvements for \$1,117,947.
- Council on Aging vehicle purchase for \$11,907.
- Long Hill Road water tank rehabilitation for \$154,536.
- Braintree Road well construction for \$44,922.

Debt Administration. The Town's outstanding governmental debt, as of June 30, 2018, totaled \$172,000 for highway equipment.

Please refer to notes 4D, 4F and 4G for further discussion of the major capital assets and debt activity.

Next Year's Annual Town Meeting

The Town of West Brookfield operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2018 do not reflect the fiscal year 2019 Town Meeting action with the exceptions of the free cash and stabilization amounts.

The Annual Town Meeting on June 5, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

From the tax levy	\$ 7,532,693
From Other Available Funds:	
General Fund:	
Unassigned fund balance:	
Free cash	320,307
Water stabilization	<u>35,000</u>
	<u>\$ 7,888,000</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of West Brookfield'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 the Town Accountant, Town Hall, 2 East Main Street, West Brookfield, Massachusetts 01585.

BASIC FINANCIAL STATEMENTS

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government
	Governmental
	Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 1,882,271
Investments	2,741,825
Receivables, net of allowance for uncollectibles:	
Property Taxes	381,452
Tax Liens	250,016
Excise Taxes	106,408
User Charges	69,389
Departmental	6,315
Due from Other Governments	352,336
Total current assets	5,790,012
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Nondepreciable	512,187
Depreciable	8,139,325
Total noncurrent assets	8,651,512
Total Assets	14,441,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	382,943
LIABILITIES	
CURRENT:	
Warrants Payable	142,449
Accrued Payroll	89,146
Payroll Withholdings	18,058
Tax Refund Payable	17,100
Other	8,053
Accrued Interest	3,863
Compensated Absences	39,733
Bonds Payable	43,000
Total current liabilities	361,402
NONCURRENT:	
Compensated Absences	158,933
Net OPEB Liability	1,494,072
Net Pension Liability	3,756,207
Bonds Payable	129,000
Total noncurrent liabilities	5,538,212
Total Liabilities	5,899,614
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	519,861
NET POSITION	
Net Investment in Capital Assets	8,479,512
Restricted for:	
Capital Projects	1,000
Federal & State Grants	364,512
Permanent Funds:	
Expendable	388,167
Nonexpendable	296,582
Other Purposes	507,344
Unrestricted	(1,632,125)
Total Net Position	\$ 8,404,992

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 678,228	\$ 48,835	\$ 40,482	\$ -	\$ (588,911)
Public Safety	1,122,498	188,387	145,796	-	(788,315)
Public Works	1,106,136	19,679	23	1,271,938	185,504
Water	407,432	341,366	-	-	(66,066)
Education	3,961,196	-	317,680	-	(3,643,516)
Health and Human Services	218,060	28,073	68,603	-	(121,384)
Culture and Recreation	332,120	-	49,869	-	(282,251)
Employee Benefits and Insurance	856,225	-	-	-	(856,225)
State Assessments	93,629	-	-	-	(93,629)
Interest	4,302	-	-	-	(4,302)
Total Governmental Activities	8,779,826	626,340	622,453	1,271,938	(6,259,095)
Total Primary Government	\$ 8,779,826	\$ 626,340	\$ 622,453	\$ 1,271,938	(6,259,095)
General Revenues:					
Property Taxes					5,815,309
Motor vehicle excise and other taxes					592,101
Penalties & Interest on Taxes					79,453
Grants & Contributions not restricted to specific programs					547,107
Unrestricted Investment Income					23,249
Gain on Sale of Capital Assets					83,318
Miscellaneous					2,609
Contributions to Permanent Funds					1,500
Total General Revenues and Contributions					7,144,646
					Change in Net Position
					885,551
					Net Position:
					Beginning of year (as restated)
					7,519,441
					End of year
					\$ 8,404,992

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,124,886	\$ 471,861	\$ 285,524	\$ 1,882,271
Investments	1,788,969	-	952,856	2,741,825
Receivables, net of allowance for uncollectibles:				
Property Taxes	381,452	-	-	381,452
Tax Liens	250,016	-	-	250,016
Excise Taxes	106,408	-	-	106,408
User Charges	-	69,389	-	69,389
Departmental	-	-	6,315	6,315
Due from Other Governments	30,306	-	322,030	352,336
Total Assets	\$ 3,682,037	\$ 541,250	\$ 1,566,725	\$ 5,790,012
Liabilities:				
Warrants Payable	\$ 71,753	\$ 15,607	\$ 55,089	\$ 142,449
Accrued Payroll	79,572	5,361	4,213	89,146
Payroll Withholdings	18,058	-	-	18,058
Tax Refund Payable	17,100	-	-	17,100
Other	8,053	-	-	8,053
Total Liabilities	194,536	20,968	59,302	274,806
Deferred Inflows of Resources:				
Unavailable Revenue	732,182	69,389	249,294	1,050,865
Fund Balance:				
Nonspendable	-	-	296,582	296,582
Restricted	-	-	1,011,728	1,011,728
Committed	-	450,893	53,242	504,135
Assigned	776,902	-	-	776,902
Unassigned	1,978,417	-	(103,423)	1,874,994
Total Fund Balance	2,755,319	450,893	1,258,129	4,464,341
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,682,037	\$ 541,250	\$ 1,566,725	\$ 5,790,012

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 5,722,911	\$ -	\$ -	\$ 5,722,911
Intergovernmental	835,384	-	1,268,393	2,103,777
Excise and Other Taxes	633,743	-	-	633,743
Licenses, Permits, Fees	190,325	-	-	190,325
Charges for Services	-	347,915	160,822	508,737
Interest on Taxes	79,453	-	-	79,453
Investment Income	23,249	-	4,708	27,957
Gifts and Donations	-	-	27,527	27,527
Other	-	-	50,169	50,169
Total Revenues	7,485,065	347,915	1,511,619	9,344,599
Expenditures:				
Current:				
General Government	598,513	-	35,666	634,179
Public Safety	835,168	-	270,542	1,105,710
Public Works	789,837	-	1,173,534	1,963,371
Water	-	456,370	47,917	504,287
Education	3,938,391	-	-	3,938,391
Health and Human Services	152,598	-	47,763	200,361
Culture and Recreation	238,364	-	36,793	275,157
Employee Benefits and Insurance	731,244	-	-	731,244
State Assessments	93,629	-	-	93,629
Debt Service:				
Principal	43,000	-	-	43,000
Interest	5,267	-	-	5,267
Total Expenditures	7,426,011	456,370	1,612,215	9,494,596
Excess of Revenues Over (Under) Expenditures	59,054	(108,455)	(100,596)	(149,997)
Other Financing Sources (Uses):				
Operating Transfers In	7,168	296,037	177,170	480,375
Operating Transfers Out	(473,207)	-	(7,168)	(480,375)
Sale of Tax Foreclosure Property	112,500	-	-	112,500
Total Other Financing Sources (Uses)	(353,539)	296,037	170,002	112,500
Net Change in Fund Balances	(294,485)	187,582	69,406	(37,497)
Fund Balances, Beginning of Year	3,049,804	263,311	1,188,723	4,501,838
Fund Balances, End of Year	\$ 2,755,319	\$ 450,893	\$ 1,258,129	\$ 4,464,341

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2018

Total Governmental Fund Balances		\$	4,464,341
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			8,651,512
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.			(136,918)
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			1,050,865
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:			
Bonds Payable	\$	(172,000)	
Net Other Post Employment Benefits Liability		(1,494,072)	
Net Pension Liability		(3,756,207)	
Compensated Absences		(198,666)	(5,620,945)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			(3,863)
Net Position of Governmental Activities		\$	8,404,992

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF WEST BROOKFIELD, 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 Change in Fund Balances - Total Governmental Funds \$ (37,497)

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 1,456,207	
Sale of Capital Assets	(29,182)	
Depreciation	<u>(638,566)</u>	788,459

Revenue 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 unavailable revenue. 237,460

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:
 Repayment of Debt and Principal 43,000

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

Net Change in Compensated Absences	(21,855)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(258,982)	
Net Change in Net Pension Liability	134,001	
Net Change in Accrued Interest on Long-Term Debt	<u>965</u>	<u>(145,871)</u>

Change in Net Position of Governmental Activities \$ 885,551

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>				Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget				
Revenues:							
Property Taxes	\$ -	\$ 5,731,481	\$ 5,731,481	\$ 5,715,411	\$ -	\$ (16,070)	
Intergovernmental	-	851,918	851,918	835,384	-	(16,534)	
Excise and Other Taxes	-	423,100	423,100	633,743	-	210,643	
Licenses, Permits, Fees	-	113,000	113,000	190,325	-	77,325	
Interest on Taxes	-	7,500	7,500	79,453	-	71,953	
Investment Income	-	10,000	10,000	23,558	-	13,558	
Total Revenues	-	7,136,999	7,136,999	7,477,874	-	340,875	
Expenditures:							
Current:							
General Government	183,098	634,711	848,847	598,513	179,887	70,447	
Public Safety	42,686	887,809	929,762	835,168	17,019	77,575	
Public Works	169,350	728,353	861,134	789,837	144,673	(73,376)	
Education	-	3,836,205	3,938,391	3,938,391	-	-	
Health and Human Services	-	189,183	190,872	152,598	-	38,274	
Culture and Recreation	31,124	245,008	276,132	238,364	28,149	9,619	
Employee Benefits and Insurance	-	773,278	773,278	731,244	-	42,034	
State Assessments	-	68,539	68,539	93,629	-	(25,090)	
Debt Service:							
Principal	43,600	43,000	86,600	43,000	43,600	-	
Interest	5,267	8,267	13,534	5,267	8,267	-	
Total Expenditures	475,125	7,414,353	7,987,089	7,426,011	421,595	139,483	
Excess of Revenues Over (Under) Expenditures	(475,125)	(277,354)	(850,090)	51,863	(421,595)	480,358	
Other Financing Sources (Uses):							
Operating Transfers In	-	59,443	59,443	60,168	-	725	
Operating Transfers Out	-	(6,037)	(157,688)	(157,688)	-	-	
Sale of Capital Asset	-	-	-	112,500	-	112,500	
Total Other Financing Sources (Uses)	-	53,406	(98,245)	14,980	-	113,225	
Net Change in Budgetary Fund Balance	(475,125)	(223,948)	(948,335)	\$ 66,843	\$ (421,595)	\$ 593,583	
Other Budgetary Items:							
Free Cash and Other Reserves	-	289,305	538,567				
Prior year deficits	-	(65,357)	(65,357)				
Prior Year Encumbrances	475,125	-	475,125				
Total Other Budgetary Items	475,125	223,948	948,335				
NET BUDGET	\$ -	\$ -	\$ -				

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2018

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 7,477,874	\$ 7,426,011
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	(309)	-
Net Increase in Revenue from recording Refund Taxes Payable	2,600	-
Net Increase in Revenue from Recording 60-Day Receipts	4,900	-
Reported on a GAAP Basis	\$ 7,485,065	\$ 7,426,011

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Other Post Employment Benefit Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 118,331
Investments	151,255	-
Total Assets	151,255	118,331
LIABILITIES		
Warrants Payable	-	1,972
Due to Others	-	25,659
Escrows and Deposits	-	90,700
Total Liabilities	-	118,331
NET POSITION		
Held in Trust for Other Purposes	\$ 151,255	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

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

	Other Post Employment Benefit Trust Fund
Additions:	
Contributions:	
Employers	\$ 50,000
Investment Income	1,090
Total Additions	51,090
Deductions:	
Employee Benefits and Insurance	-
Total Deductions	-
Change in Net Position	51,090
Net Position at Beginning of Year	100,165
Net Position at End of Year	\$ 151,255

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of West Brookfield, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1848 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2018, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing boards of the West Brookfield Housing Authority and the Quaboag Regional School District. The West Brookfield Rescue Squad, Inc. is a non-profit organization that provides ambulance services to the Town. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board or receiving service from the organization. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

West Brookfield Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate-income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

Quaboag Regional District School - A regional school district made up of two communities to serve and provide a learning experience. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects six district committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

West Brookfield Rescue Squad, Inc. - A non-profit corporation that provides ambulance services to the Town. The corporation is a separate entity. The corporation is responsible for both the operating and capital costs related to the ambulance and operates independently from the Town.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

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. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

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

Fiduciary funds are reported by fund type.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized 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, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, 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 thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excise and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

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

The *water fund* is a special revenue fund used to account for the accumulation of resources to provide water services to the Town's citizens.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds'* column on the governmental funds' financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Additionally, the Town reports the following fund types:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *agency fund* is used to account for assets held in a purely custodial capacity.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool 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 cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

E. Investments

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Additional investment disclosures are presented in these Notes.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2017 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2018 on June 30, 2017 that were due on August 1, 2017 and November 1, 2017 and the actual tax bills were mailed on December 29, 2017 and March 29, 2018 that were due on February 1, 2018 and May 1, 2018, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2018 is as follows:

Legal Levy Limit Under Proposition		
2 1/2 for fiscal year 2018	\$	5,688,495
Add: Debt Exclusion		143,423
Maximum Allowable Levy	<u>\$</u>	<u>5,831,918</u>

The total amount raised by taxation was \$5,830,737.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Excise Taxes

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation for motor vehicle excise is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated and based on historical trends and specific account analysis.

User Charges

User charges consist of water that is levied quarterly based on individual meter readings and usage and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed each year and are included as a lien on the property owner's tax bill. Liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectibles is estimated and based on historical trends and specific account analysis.

Departmental

Departmental receivables consist of housing rehabilitation loans and septic repair loans that were given by the Town to individuals and businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectible accounts.

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

G. Capital Assets

Capital assets of the primary government include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, and similar items), are reported in the applicable governmental activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	10-30
Machinery, equipment and other	3-15
Infrastructure	20-40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

In addition to liabilities, the *Statement of Net 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 and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is *deferred inflows related to pensions*.

Fund financial statements

In addition to liabilities, the governmental funds balance sheet 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise and other taxes; user charges, departmental revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

J. Net Position and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts 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 is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

K. Long-term Debt

Long-term debt of the primary government is reported as liabilities in the government-wide statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts up to a maximum of 120 days. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. Pension Benefits

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 Worcester Regional Retirement System (the System) is provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

N. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 65% share of insurance premiums in the general fund in the fiscal year paid.

O. 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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

P. Total Column

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The significant departure of the financial statements from generally accepted accounting principles is that management has not recorded a change in the liability for Other Post Employment Benefits (OPEB) in governmental activities, and, accordingly, has not recorded an expense for the current period change in the OPEB liability in accordance with GASB Statement No. 74 and GASB Statement No. 75. The Town has adopted an OPEB Trust in accordance with the standard. Accounting principles generally accepted in the United States of America require that the total amount of contributions and fair value of the assets of the OPEB Trust be used in an actuary valuation to determine the Town's OPEB obligation. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities has not been determined.

Further, the notes to the financial statements do not include the current year change in the note disclosures required under GASB Statement No. 74 and GASB Statement No. 75 for defined contribution OPEB benefit plans. Accounting principles generally accepted in the United States of America require this information to be disclosed.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Department heads prepare their budgets.
- Department heads who are elected submit their budgets to the advisory board. Non-elected department heads submit their budgets to the Board of Selectmen who then passes it on to the advisory board.
- Budgets are to be submitted by January 1st.
- The advisory board and Board of Selectmen review the budgets and meet with the department heads.
- The advisory board submits the budget to Town meeting.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2018, the Town incurred a final budget deficit of \$948,335 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 538,567
Prior year deficits	(65,357)
Prior year's encumbrances	<u>475,125</u>
	<u>\$ 948,335</u>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2018 as measured by the balances of unreserved fund balance.

- The *State Aid to Highway grants* special revenue account has a deficit of \$87,348. The deficit will be eliminated upon the appropriation of funds.
- Various *Public Safety Grants* special revenue funds have deficits totaling \$13,900 (Police Body Camera grant fund of \$7,196 and the Assistance to Firefighters grant fund of \$6,704). These deficits will be eliminated upon the appropriation of funds.
- The *Cable Revolving* special revenue account has a deficit of \$2,175. The deficit will be eliminated upon the appropriation of funds.

4. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2018 were \$2,037,857. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost.

As of June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	6 to 10
Debt Securities:			
U. S. government agencies	\$ 107,826	\$ -	\$ 107,826
Money market mutual fund	238,915	238,915	-
	346,741	\$ 238,915	\$ 107,826
Other Investments:			
Certificate of deposits	1,061,308		
Equity securities-domestic stocks	317,616		
MMDT	1,167,415		
	\$ 2,893,080		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$2,893,080 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2018 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Government Agencies:	
Aaa	107,826
Money Market Mutual Funds:	
Not rated	238,915
	\$ 346,741

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer.

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Fair Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. government agencies	\$ 107,826	\$ 107,826	\$ -	\$ -
Certificate of deposits	1,061,308	1,061,308	-	-
Equity securities - domestic	317,616	317,616	-	-
Money market mutual fund	238,915	238,915	-	-
	<u>1,725,665</u>	<u>\$ 1,725,665</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	<u>1,167,415</u>			
Total Investments	<u>\$ 2,893,080</u>			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

B. Receivables

At June 30, 2018, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 381,552	\$ (100)	\$ 381,452
Tax liens	250,016	-	250,016
Excise taxes	172,700	(66,292)	106,408
User charges	69,889	(500)	69,389
Departmental	6,315	-	6,315
Due from other governments	352,336	-	352,336
	<u>\$ 1,232,808</u>	<u>\$ (66,892)</u>	<u>\$ 1,165,916</u>

The composition of amounts due from other governments as of June 30, 2018 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits \$ 30,306

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds \$ 284,030

Complete Streets Grant 38,000

\$ 322,030

\$ 352,336

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:			
Property taxes	\$	345,452	
Tax liens		250,016	
Excise taxes		106,408	
Due from other governments		30,306	\$ 732,182
Water Fund:			
User charges			69,389
Nonmajor Governmental Funds:			
Departmental		6,315	
Due from other governments		242,979	249,294
		\$	1,050,865

D. Capital Assets

Capital asset activity for the year ended June 30, 2018, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 541,369	\$ -	\$ (29,182)	\$ 512,187
Construction in progress	306,369	44,922	(351,291)	-
Total capital assets not being depreciated	847,738	44,922	(380,473)	512,187
Capital assets being depreciated:				
Buildings and Renovations	4,634,778	-	-	4,634,778
Machinery, equipment and other	2,943,085	138,802	(33,546)	3,048,341
Infrastructure	6,850,782	1,623,774	-	8,474,556
Total capital assets being depreciated	14,428,645	1,762,576	(33,546)	16,157,675
Less accumulated depreciation for:				
Buildings and Renovations	2,864,378	161,122	-	3,025,500
Machinery, equipment and other	2,409,929	193,480	(33,546)	2,569,863
Infrastructure	2,139,023	283,964	-	2,422,987
Total accumulated depreciation	7,413,330	638,566	(33,546)	8,018,350
Total capital assets being depreciated, net	7,015,315	1,124,010	-	8,139,325
Total governmental activities capital assets, net	\$ 7,863,053	\$ 1,168,932	\$ (380,473)	\$ 8,651,512

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Depreciation expense was charged to functions/programs of the governmental type activities as follows:

Governmental Activities:	
General government	\$ 41,989
Public safety	89,549
Public works	298,848
Education	22,805
Health and human services	30,578
Culture and recreation	54,804
Water	99,993
Total depreciation expense - governmental activities	<u>\$ 638,566</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2018, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Water fund	Nonmajor Governmental fund	
General fund	\$ -	\$ 296,037	\$ 177,170	\$ 473,207
Nonmajor governmental funds	7,168	-	-	7,168
Total transfers out	<u>\$ 7,168</u>	<u>\$ 296,037</u>	<u>\$ 177,170</u>	<u>\$ 480,375</u>

F. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Nonmajor Governmental Funds:						
Bond Anticipation Notes:						
Water main	1.24%	6/1/2018	\$ 175,000	\$ -	\$ 175,000	\$ -

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

G. Long Term Debt

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 the governmental activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2018
Inside Debt:					
Municipal Purpose Loan of 2016:					
Highway equipment	2.45%	7/28/2016	7/28/2021	\$ 215,000	\$ 172,000
Total governmental type debt					<u>\$ 172,000</u>

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 43,000	\$ 4,214	\$ 47,214
2020	43,000	3,161	46,161
2021	43,000	2,107	45,107
2022	43,000	1,053	44,053
	<u>\$ 172,000</u>	<u>\$ 10,535</u>	<u>\$ 182,535</u>

A summary of the changes in governmental activities liabilities during the year is as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 215,000	\$ -	\$ 43,000	\$ 172,000	\$ 43,000
Compensated absences	176,811	22,826	971	198,666	39,733
Net OPEB liability	1,494,072	-	-	1,494,072	-
Net pension liability	3,890,208	-	134,001	3,756,207	-
Governmental activity					
Long-term liabilities	<u>\$ 5,776,091</u>	<u>\$ 22,826</u>	<u>\$ 177,972</u>	<u>\$ 5,620,945</u>	<u>\$ 82,733</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2018 totaled \$172,000.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2018:

Equalized Valuation-Real Estate and Personal Property (2018)			\$ 391,008,700
Debt Limit: 5 % of Equalized value			19,550,435
Total Debt Outstanding	\$ 172,000		
Less: Debt Outside Debt Limit		-	172,000
Inside Debt Excess Borrowing Capacity at June 30, 2018			\$ 19,378,435

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town does not have loan authorizations at June 30, 2018.

Overlapping Debt

The Town pays assessments which include debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Quaboag Regional School District:			
Elementary School Construction	\$ 675,000	100.00%	\$ 675,000
Middle School Construction	220,000	38.39%	84,458
			\$ 759,458

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

H. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2018:

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 296,582	\$ 296,582
Restricted:				
Federal, state and local grants	-	-	121,533	121,533
Town revolving funds	-	-	42,814	42,814
Donations and gifts	-	-	83,781	83,781
Capital projects	-	-	1,000	1,000
Permanent funds	-	-	388,266	388,266
Other	-	-	374,334	374,334
	-	-	1,011,728	1,011,728
Committed:				
Capital projects	-	-	47,885	47,885
Water Fund	-	450,893	-	450,893
Public works	-	-	5,357	5,357
	-	450,893	53,242	504,135
Assigned:				
General government	179,887	-	-	179,887
Public safety	17,019	-	-	17,019
Public works	144,673	-	-	144,673
Culture and recreation	28,149	-	-	28,149
Debt Service:				
Principal	43,600	-	-	43,600
Interest	8,267	-	-	8,267
Subsequent year's budget	355,307	-	-	355,307
	776,902	-	-	776,902
Unassigned:				
General Fund	1,978,417	-	-	1,978,417
Deficit special revenue:	-	-	(103,423)	(103,423)
	1,978,417	-	(103,423)	1,874,994
Total Governmental fund balances	\$ 2,755,319	\$ 450,893	\$ 1,258,129	\$ 4,464,341

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

I. Special Trust Funds

Stabilization Fund

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2018 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 224,825
Fire truck stabilization fund	181,451
Water stabilization fund	177,411
	<hr/>
	\$ 583,687
	<hr/>

5. OTHER INFORMATION

A. Risk Management

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. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

C. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

D. Pension Plan

Plan Description

The Town is a member of the Worcester Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by a five-member board. Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. MGL Chapter 32 establishes uniform benefit and contributory requirements for all contributory public employee retirement systems (PERS). The Massachusetts PERS benefits are uniform from system to system, with a few minor exceptions. Members of the System become vested after 10 years of creditable service. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. Most employees who joined the system on or after April 2, 2012 cannot retire prior to age 60. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases 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. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% of their gross regular compensation based upon their membership date with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2017 was \$233,082, representing 22.02% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Pension Liability

As of June 30, 2018, a reported liability of \$3,756,207 is the Town's proportionate share of the net pension liability as measured as of December 31, 2017. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, update procedures were used to roll forward the total pension liability to the measurement 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 members, actuarially determined. At December 31, 2017, the Town's proportional percentage was 0.4606%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2018, the Town recognized a pension expense of \$358,064 and reported deferred outflows of resources related to pensions of \$382,943 from the net differences between expected and actual experience and changes in assumptions; and deferred inflows of resources related to pensions of \$519,861 from the net difference between projected and actual investment earnings and the change in allocated proportion.

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension expense as follows:

For years ended June 30,	
2019	\$ (49,835)
2020	(49,623)
2021	(28,489)
2022	(8,971)
	<u>\$ (136,918)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017;

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	<p><i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035. The annual increase in appropriation is further limited to 9.95%.</p> <p><i>2002 & 2003 & 2010 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.5% to reduce the 2002 & 2003 ERI to zero on or before June 30, 2028 and the level dollar amount to reduce the 2010 ERI to zero on or before June 30, 2022.</p>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: 80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Inflation	3.0% per year
Salary increases	Group 1: 4.25% -- 6.00%, based on service Group 4: 4.75% -- 7.00%, based on service
Payroll growth	4.0% per year
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB for disabled members

Long-term Expected Rate of Return

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 weighing 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 class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	4.91%
Fixed income	22%	2.04%
Private Equity	11%	6.50%
Real Estate	10%	3.70%
Timber/Natural Resources	4%	3.25%
Hedge Funds	13%	3.40%
Total	<u>100%</u>	

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 16.71%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

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 plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or 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 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%. 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	Current	Discount Rate	1% Increase
	6.75%	7.75%	7.75%	8.75%
Net pension liability	\$ 4,578,008	\$ 3,756,207	\$	3,062,190

E. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 43 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Investments

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy. As of June 30, 2018, investments, concentration and rate of return information consisted of pooled funds in the Town's Morgan Stanley Smith Barney investments described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2018 fiscal year, the Town's required contributions were not provided towards the annual OPEB cost. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$151,255 as of June 30, 2018.

Opinion Modification

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. The Town has not obtained an actuarial valuation that allowed for determining a net OPEB liability for the fiscal year ended June 30, 2018. The net OPEB liability reported in these financial statements represent the net OPEB liability reported June 30, 2017.

Measurement Date

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Plan Membership:

Current active members	16
Current retirees, beneficiaries and dependents	27
Total	43

The components of the net OPEB liability are as follows:

	6/30/2017
Total OPEB liability	\$ 1,594,237
Less: Plan fiduciary net position	(100,165)
Town's Net OPEB liability	\$ 1,494,072
Plan fiduciary net position as a percentage of the total OPEB liability	6.3%

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Actuarial Assumptions

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

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Discount rate	4.00% annually
Salary increases	2.00% annually
Healthcare cost trend rates	2016 medical trend rates: 2.00% annually Ultimate trend rates: 4.00% annually in Year 5

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2016	\$ 1,573,053	\$ 50,039	\$ 1,523,014
Service cost	40,087	-	40,087
Interest on Total OPEB Liability	62,922	-	62,922
Difference between actual and expected experience **	-	-	-
Net investment income	-	126	(126)
Employer contributions to Trust	-	131,825	(131,825)
Total benefit payments including implicit cost	(81,825)	(81,825)	-
Administrative expense	-	-	-
Net change in total OPEB liability	21,184	50,126	(28,942)
Balances at June 30, 2017	\$ 1,594,237	\$ 100,165	\$ 1,494,072

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. 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. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town's OPEB expense, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB were not provided.

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018.

The GASB issued Statement No. 85, *Omnibus 2018*, for implementation in fiscal year 2018.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, for implementation in fiscal year 2018.

G. Future GASB Pronouncements

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2020.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

6. RESTATEMENT

The net position as of June 30, 2017 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$701,858 for governmental activities to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of \$8,221,299 has been revised to \$7,519,441 for governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedule
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2018

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension Liability:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	0.4606%	0.4645%	0.4773%	0.5876%
Town's proportionate share of the net pension liability (asset)	\$ 3,756,207	\$ 3,890,208	\$ 3,387,903	\$ 3,496,380
Town's covered employee payroll	\$ 1,058,730	\$ 1,238,564	\$ 1,300,074	\$ 1,250,071
Net pension liability percentage of covered-employee payroll	354.78%	314.09%	260.59%	279.69%
Plan fiduciary net position as a percentage of the total pension liability	46.40%	42.00%	44.52%	47.94%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedule
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2018

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 233,082	\$ 225,606	\$ 214,718	\$ 232,198
Less: Contributions in relation to the actuarially determined contribution	<u>(233,082)</u>	<u>(225,606)</u>	<u>(214,718)</u>	<u>(232,198)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 1,058,730	\$ 1,238,564	\$ 1,300,074	\$ 1,250,071
Contributions percentage of covered-employee payroll	22.02%	18.22%	16.52%	18.57%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Changes in the Net OPEB Liability:

	6/30/2017
Total OPEB liability	
Service cost	\$ 40,087
Interest on net OPEB liability	62,922
Benefit payments, including refunds of member contributions	(81,825)
Net change in total OPEB liability	21,184
Total OPEB liability-beginning	1,573,053
Total OPEB liability-ending (a)	\$ 1,594,237
 Plan fiduciary net position	
Net investment income	\$ 126
Employer contributions to Trust	131,825
Benefit payments, including refunds of member contributions	(81,825)
Net change in plan fiduciary net position	50,126
Total fiduciary net position-beginning	50,039
Total fiduciary net position-ending (b)	\$ 100,165
 Town's net OPEB liability (a-b)	\$ 1,494,072

The Town has not obtained an actuarial valuation that allowed for determining a net OPEB liability for the fiscal year ended June 30, 2018. The net OPEB liability reported in these financial statements represent the net OPEB liability reported June 30, 2017.

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Net OPEB Liability:

	6/30/2017
Total OPEB liability	\$ 1,594,237
Less: Plan fiduciary net position	(100,165)
Town's Net OPEB liability	\$ 1,494,072
Plan fiduciary net position as a percentage of the total OPEB liability	6.3%
Town's share of covered employee payroll	\$ 1,100,000
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	135.8%

Schedule of Contributions:

	6/30/2017
Actuarially determined contribution	\$ 131,825
Less: Contributions in relation to the actuarially determined contribution	(81,825)
Contribution deficiency (excess)	\$ 50,000
Town's share of covered employee payroll	\$ 1,100,000
Contributions percentage of covered-employee payroll	7.4%
Annual money-weighted rate of return net of investment expense	N/A

The Town has not obtained an actuarial valuation that allowed for determining a net OPEB liability for the fiscal year ended June 30, 2018. The net OPEB liability reported in these financial statements represent the net OPEB liability reported June 30, 2017.

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2018

Schedule of Funding Progress:

Reporting Date	Other Post Employment Benefits					
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2017	\$ 100,165	\$ 1,594,237	\$ 1,494,072	6.3%	\$ 1,100,000	135.8%

The Town has not obtained an actuarial valuation that allowed for determining a net OPEB liability for the fiscal year ended June 30, 2018. The net OPEB liability reported in these financial statements represent the net OPEB liability reported June 30, 2017.

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

SUPPLEMENTARY SCHEDULES

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 4,501	\$ 4,500	\$ 4,481	\$ -	\$ 4,520
Community Compact Grant	-	5,000	5,000	-	-
Council on Aging Grants	13,392	39,194	38,494	-	14,092
Emergency Preparedness Coalition Grant	571	-	-	-	571
Extended Polling Hours	1,023	636	-	-	1,659
Highway Grants	8,965	1,066,654	1,155,947	-	(80,328)
Library Grants	22,398	6,614	1,897	-	27,115
Public Safety Grants	8,325	145,796	140,940	-	13,181
Smart Growth Grant	4,558	-	-	-	4,558
Storm Water Grants	15,028	-	-	-	15,028
Other:					
Cable Grants	16,915	20,955	16,661	-	21,209
Cemetery Revolving	121	10,854	2,034	-	8,941
Conservation Funds	9,160	-	-	6,026	15,186
Curb Cut Escrow	43,060	23	-	-	43,083
Gifts and Donations	88,078	27,526	34,309	(9)	81,286
Housing and Septic Repair Loan Repayments	288,036	1,748	-	-	289,784
Insurance Proceeds	22,508	1,990	1,266	(725)	22,507
Planning Board Revolving	664	-	-	-	664
Police Off Duty Detail Revolving	-	131,937	129,602	-	2,335
Road Machinery Fund	7,725	4,075	-	(6,443)	5,357
Stewardship Program Revolving	3,230	200	-	-	3,430
Storm Water Revolving	16,126	13,025	17,587	-	11,564
Town Document Search	258	153	-	-	411
Conservation Commission Trust	6,026	-	-	(6,026)	-
Self Insurance Trust	22,403	-	4,159	-	18,244
Total Special Revenue	\$ 603,071	\$ 1,480,880	\$ 1,552,377	\$ (7,177)	\$ 524,397

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Capital Projects:					
Highway Equipment	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Water Line Settlement	30,000	-	825	-	29,175
Well on Braintree Road	(111,368)	-	47,092	177,170	18,710
Total Capital Projects Funds	(80,368)	-	47,917	177,170	48,885
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds	184,591	1,800	-	-	186,391
Library Funds	8,286	1	-	-	8,287
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	48,405	-	-	-	48,405
Helen Paige Shackley Bandstand	12,495	-	-	-	12,495
Helen B. Hawks/Stickney Fund	10,892	-	-	-	10,892
Margaret Preisach Magnante Fund	29,132	-	-	-	29,132
Other Trust Funds:					
Col. Fairfax Ayers Monument Fund	980	-	-	-	980
Total Perpetual Permanent Funds	294,781	1,801	-	-	296,582
Permanent Funds:					
Cemetery Perpetual Care Funds	110,070	2,924	206	-	112,788
Library Funds	108,406	17,048	3,470	-	121,984
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	10,569	2	-	-	10,571
Helen Paige Shackley Bandstand	4,760	-	-	-	4,760
Helen B. Hawks/Stickney Fund	3,900	-	-	-	3,900
Margaret Preisach Magnante Fund	7,817	951	950	-	7,818
Priscilla E. Side Fund	4,691	200	-	-	4,891
Common Committee Fund	713	-	-	-	713
Total Permanent Funds Page 58	\$ 250,926	\$ 21,125	\$ 4,626	\$ -	\$ 267,425

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Continued from Page 58	\$ 250,926	\$ 21,125	\$ 4,626	\$ -	\$ 267,425
Permanent Funds (Continued)					
Other Trust Funds:					
Col. Fairfax Ayers Monument Fund	3,781	-	-	-	3,781
Historical Commission Fund	59,207	7,500	1,025	-	65,682
Lucy Stone Birthplace Fund	1,012	-	-	-	1,012
Peter Brady Memorial Fund	99	-	-	-	99
Recreation Committee Fund	1,731	-	-	-	1,731
Reynis Town Hall Interior Fund	28,967	-	5,483	-	23,484
Rice Fountain Trust	25,516	313	787	9	25,051
Total Permanent Funds	371,239	28,938	11,921	9	388,265
Total Non-Major Governmental Funds	\$ 1,188,723	\$ 1,511,619	\$ 1,612,215	\$ 170,002	\$ 1,258,129

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Real Estate Taxes:						
Levy of 2018	\$ -	\$ 5,601,500	\$ 38,783	\$ 5,350,611	\$ 212,106	\$ 200,593
Levy of 2017	157,607	-	(6,354)	54,507	109,454	105,238
Levy of 2016	50,885	185	-	15,853	35,217	35,187
Levy of 2015	21,292	178	-	6,465	15,005	15,005
Levy of 2014	4,961	169	-	2,457	2,673	2,673
Prior Years	4,579	426	-	925	4,080	4,080
	<u>239,324</u>	<u>5,602,458</u>	<u>32,429</u>	<u>5,430,818</u>	<u>378,535</u>	<u>362,776</u>
Personal Property Taxes:						
Levy of 2018	-	239,495	755	235,676	3,064	3,028
Levy of 2017	259	-	-	(237)	496	419
Levy of 2016	(471)	-	-	70	(541)	(58)
Levy of 2015	1	-	-	-	1	1
Levy of 2014	(3)	-	-	-	(3)	(3)
	<u>(214)</u>	<u>239,495</u>	<u>755</u>	<u>235,509</u>	<u>3,017</u>	<u>3,387</u>
Total Real Estate and Personal Property Taxes	<u>\$ 239,110</u>	<u>\$ 5,841,953</u>	<u>\$ 33,184</u>	<u>\$ 5,666,327</u>	<u>\$ 381,552</u>	<u>\$ 366,163</u>

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Motor Vehicle Excise Taxes:						
Levy of 2018	\$ -	\$ 484,730	\$ 9,222	\$ 409,710	\$ 65,798	\$ 65,798
Levy of 2017	45,979	54,824	3,776	78,878	18,149	17,993
Levy of 2016	54,056	-	283	35,290	18,483	18,483
Levy of 2015	53,996	-	814	32,533	20,649	20,658
Levy of 2014	26,572	-	-	11,448	15,124	15,124
Prior Years	36,087	210	10	1,790	34,497	20,625
Total Motor Vehicle Excise Taxes	\$ 216,690	\$ 539,764	\$ 14,105	\$ 569,649	\$ 172,700	\$ 158,681

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Tax Liens	\$ 297,360	\$ 183	\$ -	\$ 47,527	\$ 250,016	\$ 260,523