

TOWN OF ASHBY, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Ashby, Massachusetts

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ashby, Massachusetts, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension schedules appearing on pages 43 and 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

July 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise 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 our finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and intergovernmental. The business-type activities include transfer station activities.

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

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

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

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

Proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for transfer station operations.

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$7,996,785 (i.e., net position), a change of \$467,020 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$3,293,454, a change of \$244,215 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,367,383, a change of \$106,258 in comparison with the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 3,678,626	\$ 3,444,645	\$ 29,573	\$ 31,276	\$ 3,708,199	\$ 3,475,921
Capital assets	<u>5,954,568</u>	<u>5,684,712</u>	<u>-</u>	<u>-</u>	<u>5,954,568</u>	<u>5,684,712</u>
Total assets	9,633,194	9,129,357	29,573	31,276	9,662,767	9,160,633
Deferred outflows of resources	545,088	261,619	-	-	545,088	261,619
Current liabilities	141,245	177,999	933	722	142,178	178,721
Noncurrent liabilities	<u>1,813,451</u>	<u>1,449,786</u>	<u>-</u>	<u>-</u>	<u>1,813,451</u>	<u>1,449,786</u>
Total liabilities	1,954,696	1,627,785	933	722	1,955,629	1,628,507
Deferred inflows of resources	255,441	263,980	-	-	255,441	263,980
Net position:						
Net investment in capital assets	5,932,553	5,640,683	-	-	5,932,553	5,640,683
Restricted	1,177,278	1,122,277	-	-	1,177,278	1,122,277
Unrestricted	<u>858,314</u>	<u>736,251</u>	<u>28,640</u>	<u>30,554</u>	<u>886,954</u>	<u>766,805</u>
Total Net Position	<u>\$ 7,968,145</u>	<u>\$ 7,499,211</u>	<u>\$ 28,640</u>	<u>\$ 30,554</u>	<u>\$ 7,996,785</u>	<u>\$ 7,529,765</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$7,996,785, a change of \$467,020 in comparison with the prior year.

The largest portion of net position, \$5,932,553, reflects our investment in capital assets (e.g., land, buildings, machinery, equipment net of a capital lease liability, and infrastructure), less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,177,278, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$886,954, may be used to meet the government's ongoing obligations to citizens and creditors.

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 413,119	\$ 303,784	\$ 29,352	\$ 27,450	\$ 442,471	\$ 331,234
Operating grants and contributions	319,304	318,569	-	-	319,304	318,569
Capital grants and contributions	392,811	321,488	-	-	392,811	321,488
General revenues:						
Property taxes	6,085,538	5,634,170	-	-	6,085,538	5,634,170
Excises	467,881	458,565	-	-	467,881	458,565
Penalties, interest and other taxes	39,974	41,177	-	-	39,974	41,177
Grants and contributions not restricted	535,705	517,736	-	-	535,705	517,736
Investment income / (loss)	(10,081)	(1,392)	38	34	(10,043)	(1,358)
Other	953	22,514	-	-	953	22,514
	<u>8,245,204</u>	<u>7,616,611</u>	<u>29,390</u>	<u>27,484</u>	<u>8,274,594</u>	<u>7,644,095</u>
Total revenues						
Expenses:						
General government	815,521	791,716	-	-	815,521	791,716
Public safety	1,826,299	1,578,520	-	-	1,826,299	1,578,520
Education	3,917,451	3,677,928	-	-	3,917,451	3,677,928
Public works	891,889	738,002	-	-	891,889	738,002
Health and human services	60,129	66,148	-	-	60,129	66,148
Culture and recreation	239,354	221,632	-	-	239,354	221,632
Intergovernmental	25,627	25,349	-	-	25,627	25,349
Transfer station	-	-	31,304	30,514	31,304	30,514
	<u>7,776,270</u>	<u>7,099,295</u>	<u>31,304</u>	<u>30,514</u>	<u>7,807,574</u>	<u>7,129,809</u>
Total expenses						
Change in net position	468,934	517,316	(1,914)	(3,030)	467,020	514,286
Net position - beginning of year	<u>7,499,211</u>	<u>6,981,895</u>	<u>30,554</u>	<u>33,584</u>	<u>7,529,765</u>	<u>7,015,479</u>
Net position - end of year	<u>\$ 7,968,145</u>	<u>\$ 7,499,211</u>	<u>\$ 28,640</u>	<u>\$ 30,554</u>	<u>\$ 7,996,785</u>	<u>\$ 7,529,765</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$468,934. Key elements of this change are as follows:

Excess of tax collections compared to budget	\$ 172,071
Excess of State and local revenues over budget	236,799
Budgetary appropriations under-expended by departments	302,896
Use of free cash and overlay surplus as funding sources	(591,156)
Difference between prior year encumbrances spent in the current year and current year encumbrances to be spent in the subsequent year	60,237
Change in stabilization fund	9,226
Title V - major fund revenues	859
Non-major fund revenues over expenditures	53,283
Capital asset additions, net of disposals	529,362
Current year depreciation (not budgeted for) in excess of capital lease repayment (included in the budget)	(237,492)
Current year change in net pension liability, net of deferrals	(100,676)
Other timing differences	33,525
	<hr/>
Total	\$ <u>468,934</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$(1,914), all of which was the result of expenditures in excess of user fee revenues and investment income.

D. FINANCIAL ANALYSIS OF FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,293,454, a change of \$244,215 in comparison with the prior year. Key elements of this change are as follows:

General fund operating results (see below)	\$ 190,073
Title V major fund operating results	859
Non-major operating results	53,283
	<hr/>
Total	\$ <u>244,215</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,367,383, while total fund balance was \$2,117,035. As a measure of the general fund's liquidity, it may be

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

<u>General Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% of Total 2018 General Fund Expenditures</u>
General fund unassigned	\$ 815,081	\$ 718,049	\$ 97,032	11%
Stabilization	<u>552,302</u>	<u>543,076</u>	<u>9,226</u>	<u>7%</u>
Total unassigned fund balance	\$ 1,367,383	\$ 1,261,125	\$ 106,258	18%
Total fund balance	\$ 2,117,035	\$ 1,926,962	\$ 190,073	29%

The fund balance of the general fund changed by \$190,073 during the current fiscal year. Key factors in this change are as follows:

Excess of tax collections compared to budget	\$ 172,071
Excess of State and local revenues over budget	236,799
Budgetary appropriations under-expended by departments	302,896
Use of free cash and overlay surplus as funding sources	(591,156)
Difference between prior year encumbrances spent in the current year and current year encumbrances to be spent in the subsequent year	60,237
Change in stabilization fund	<u>9,226</u>
Total	<u>\$ 190,073</u>

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$28,640, a change of \$(1,914) in comparison with the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall increase in appropriations of \$183,840.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year end amounted to \$5,954,568 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and infrastructure.

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

• Depreciation expense	\$(259,506)
• Various road improvements	\$ 392,844
• Various building improvements	\$ 7,730
• Town Hall boiler	\$ 65,071
• Library boiler	\$ 35,910
• Water improvement project	\$ 33,527
• 1999 ambulance	\$ 2,500
• Loss on disposal of ambulance and cruiser	\$ (8,220)

Additional information on capital assets can be found in the footnotes to the financial statements.

REQUESTS FOR INFORMATION

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

Ms. Julie Costello
Town Accountant
Town of Ashby
895 Main Street
Ashby, MA 01431

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

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 2,181,514	\$ 29,573	\$ 2,211,087
Investments	1,124,870	-	1,124,870
Receivables, net of allowance for uncollectible:			
Property taxes	49,837	-	49,837
Excises	57,859	-	57,859
Intergovernmental	68,231	-	68,231
Departmental and other	87,326	-	87,326
Loans	466	-	466
Internal balances	11,435	-	11,435
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	62,453	-	62,453
Loans, net of current portion	34,635	-	34,635
Capital assets:			
Land and construction in progress	1,790,529	-	1,790,529
Other capital assets, net of accumulated depreciation	4,164,039	-	4,164,039
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>545,088</u>	<u>-</u>	<u>545,088</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	10,178,282	29,573	10,207,855
LIABILITIES			
Current:			
Warrants payable	74,530	933	75,463
Accrued liabilities	36,864	-	36,864
Other liabilities	836	-	836
Current portion of long-term liabilities:			
Capital lease	22,015	-	22,015
Landfill closure	7,000	-	7,000
Noncurrent:			
Landfill closure, net of current portion	32,919	-	32,919
Net pension liability	1,780,532	-	1,780,532
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>255,441</u>	<u>-</u>	<u>255,441</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,210,137	933	2,211,070
NET POSITION			
Net investment in capital assets	5,932,553	-	5,932,553
Restricted for:			
Grants and other statutory restrictions	561,045	-	561,045
Permanent funds:			
Nonexpendable	432,869	-	432,869
Expendable	183,364	-	183,364
Unrestricted	<u>858,314</u>	<u>28,640</u>	<u>886,954</u>
TOTAL NET POSITION	<u>\$ 7,968,145</u>	<u>\$ 28,640</u>	<u>\$ 7,996,785</u>

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

TOWN OF ASHBY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General government	\$ 815,521	\$ 38,046	\$ 182,130	\$ -	\$ (595,345)	\$ -	\$ (595,345)
Public safety	1,826,299	358,359	36,069	-	(1,431,871)	-	(1,431,871)
Education	3,917,451	-	-	-	(3,917,451)	-	(3,917,451)
Public works	891,889	13,769	39,599	392,811	(445,710)	-	(445,710)
Health and human services	60,129	1,867	52,418	-	(5,844)	-	(5,844)
Culture and recreation	239,354	1,078	9,088	-	(229,188)	-	(229,188)
Intergovernmental	25,627	-	-	-	(25,627)	-	(25,627)
Total Governmental Activities	7,776,270	413,119	319,304	392,811	(6,651,036)	-	(6,651,036)
Business-Type Activities							
Transfer station services	31,304	29,352	-	-	-	(1,952)	(1,952)
Total Business-Type Activities	31,304	29,352	-	-	-	(1,952)	(1,952)
Total	\$ 7,807,574	\$ 442,471	\$ 319,304	\$ 392,811	(6,651,036)	(1,952)	(6,652,988)
General Revenues							
Property taxes					6,085,538	-	6,085,538
Excises					467,881	-	467,881
Penalties, interest and other taxes					39,974	-	39,974
Grants and contributions not restricted to specific programs					535,705	-	535,705
Investment income					(10,081)	38	(10,043)
Miscellaneous					953	-	953
Total general revenues					7,119,970	38	7,120,008
Change in Net Position					468,934	(1,914)	467,020
Net Position							
Beginning of year					7,499,211	30,554	7,529,765
End of year					\$ 7,968,145	\$ 28,640	\$ 7,996,785

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

TOWN OF ASHBY, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	<u>General</u>	<u>Title V Septic Loans</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 1,669,113	\$ 44,327	\$ 468,074	\$ 2,181,514
Investments	522,717	-	602,153	1,124,870
Receivables:				
Property taxes	139,144	-	-	139,144
Excises	63,826	-	-	63,826
Intergovernmental	-	-	68,231	68,231
Departmental and other	102,736	-	-	102,736
Loans	-	50,144	-	50,144
Due from other funds	11,435	-	-	11,435
TOTAL ASSETS	\$ 2,508,971	\$ 94,471	\$ 1,138,458	\$ 3,741,900
LIABILITIES				
Warrants payable	\$ 68,501	\$ -	\$ 6,029	\$ 74,530
Accrued liabilities	36,527	-	337	36,864
Other liabilities	836	-	-	836
TOTAL LIABILITIES	105,864	-	6,366	112,230
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	286,072	50,144	-	336,216
FUND BALANCES				
Nonspendable	-	-	432,869	432,869
Restricted	-	44,327	737,178	781,505
Committed	250,646	-	30,276	280,922
Assigned	499,006	-	-	499,006
Unassigned	1,367,383	-	(68,231)	1,299,152
TOTAL FUND BALANCES	2,117,035	44,327	1,132,092	3,293,454
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,508,971	\$ 94,471	\$ 1,138,458	\$ 3,741,900

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

TOWN OF ASHBY, MASSACHUSETTS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2018

Total Governmental Fund Balances	\$ 3,293,454
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,954,568
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	272,942
<ul style="list-style-type: none">• Long-term liabilities, including landfill closure, capital lease, and net pension liability (net of deferrals) are not due and payable in the current period and, therefore are not reported in the governmental funds.	<u>(1,552,819)</u>
Net Position of Governmental Activities	<u>\$ 7,968,145</u>

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

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

	<u>General</u>	<u>Title V Septic Loans</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 6,105,767	\$ -	\$ -	\$ 6,105,767
Excises	461,100	-	-	461,100
Penalties, interest and other taxes	39,974	-	-	39,974
Charges for services	283,746	-	13,765	297,511
Intergovernmental	581,729	-	666,091	1,247,820
Licenses and permits	64,875	-	-	64,875
Fines and forfeitures	9,907	-	-	9,907
Investment income / (loss)	(2,837)	-	(7,244)	(10,081)
Loan repayments	-	859	-	859
Miscellaneous	-	-	954	954
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	7,544,261	859	673,566	8,218,686
Expenditures				
Current:				
General government	596,951	-	136,975	733,926
Public safety	1,320,011	-	10,092	1,330,103
Education	3,917,451	-	-	3,917,451
Public works	658,896	-	436,942	1,095,838
Health and human services	51,912	-	5,560	57,472
Culture and recreation	119,221	-	10,714	129,935
Employee benefits	684,119	-	-	684,119
Intergovernmental	25,627	-	-	25,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	7,374,188	-	600,283	7,974,471
Excess (deficiency) of revenues over expenditures	170,073	859	73,283	244,215
Other Financing Sources (Uses)				
Transfer in	20,000	-	-	20,000
Transfer out	-	-	(20,000)	(20,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	20,000	-	(20,000)	-
Change in fund balance	190,073	859	53,283	244,215
Fund Equity at Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	\$ 2,117,035	\$ 44,327	\$ 1,132,092	\$ 3,293,454

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

TOWN OF ASHBY, 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	\$ 244,215														
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Capital outlay purchases</td> <td style="text-align: right;">537,582</td> </tr> <tr> <td>Loss on disposal of assets</td> <td style="text-align: right;">(8,220)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(259,506)</td> </tr> </table> • The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Lease repayment</td> <td style="text-align: right;">22,014</td> </tr> </table> • Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the change in deferred revenue. <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">25,387</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net pension liability and related deferred outflows and inflows of resources</td> <td style="text-align: right;">(100,676)</td> </tr> </table> • Other differences <table style="margin-left: 40px; width: 80%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">8,138</td> </tr> </table> 		Capital outlay purchases	537,582	Loss on disposal of assets	(8,220)	Depreciation	(259,506)	Lease repayment	22,014		25,387	Net pension liability and related deferred outflows and inflows of resources	(100,676)		8,138
Capital outlay purchases	537,582														
Loss on disposal of assets	(8,220)														
Depreciation	(259,506)														
Lease repayment	22,014														
	25,387														
Net pension liability and related deferred outflows and inflows of resources	(100,676)														
	8,138														
Change in Net Position of Governmental Activities	\$ <u>468,934</u>														

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

TOWN OF ASHBY, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues and Other Sources				
Property taxes	\$ 5,933,696	\$ 5,933,696	\$ 5,933,696	\$ -
Excise	430,300	430,300	461,100	30,800
Penalties, interest and other taxes	31,200	31,200	39,974	8,774
Charges for services	115,750	115,750	283,746	167,996
Intergovernmental	582,517	582,517	581,729	(788)
Licenses and permits	38,330	38,330	64,875	26,545
Fines and forfeitures	8,000	8,000	9,907	1,907
Investment income	1,500	1,500	3,065	1,565
Transfers in	-	20,000	20,000	-
Other sources	427,316	591,156	591,156	-
Total Revenues and Other Sources	7,568,609	7,752,449	7,989,248	236,799
Expenditures and Other Uses				
General government	680,891	727,891	657,463	70,428
Public safety	1,436,370	1,436,370	1,338,750	97,620
Education	3,917,874	3,917,874	3,917,451	423
Public works	545,668	682,508	644,767	37,741
Health and human services	67,326	67,326	54,644	12,682
Culture and recreation	113,164	113,164	111,478	1,686
Debt service	1,000	1,000	-	1,000
Employee benefits	765,561	765,561	684,245	81,316
Intergovernmental	25,627	25,627	25,627	-
Transfer Out	15,128	15,128	15,128	-
Total Expenditures and Other Uses	7,568,609	7,752,449	7,449,553	302,896
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 539,695	\$ 539,695

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

TOWN OF ASHBY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>Business- Type Activities Enterprise Funds</u> <u>Transfer Station</u>
ASSETS	
Current:	
Cash and short-term investments	\$ <u>29,573</u>
TOTAL ASSETS	29,573
LIABILITIES	
Current:	
Warrants payable	<u>933</u>
TOTAL LIABILITIES	933
NET POSITION	
Unrestricted	<u>28,640</u>
TOTAL NET POSITION	<u>\$ 28,640</u>

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

TOWN OF ASHBY, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Business- Type Activities Enterprise Funds Transfer <u>Station</u>
Operating Revenues	
Charges for services	\$ <u>29,352</u>
Total Operating Revenues	29,352
Operating Expenses	
Salaries and wages	4,631
Operating expenses	<u>26,673</u>
Total Operating Expenses	<u>31,304</u>
Operating Income (Loss)	(1,952)
Nonoperating Revenues	
Investment income	<u>38</u>
Total Nonoperating Revenue	<u>38</u>
Change in Net Position	(1,914)
Net Position at Beginning of Year	<u>30,554</u>
Net Position at End of Year	\$ <u><u>28,640</u></u>

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

TOWN OF ASHBY, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business- Type Activities Enterprise Funds Transfer Station</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 29,352
Payments to vendors and employees	<u>(31,093)</u>
Net Cash (Used For) Operating Activities	(1,741)
<u>Cash Flows From Investing Activities</u>	
Investment income	<u>38</u>
Net Cash Provided By Investing Activities	<u>38</u>
Net Change in Cash and Short-Term Investments	(1,703)
Cash and Short Term Investments, Beginning of Year	<u>31,276</u>
Cash and Short Term Investments, End of Year	<u>\$ 29,573</u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided By (Used For) Operating Activities</u>	
Operating (loss)	\$ (1,952)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Warrants payable	<u>211</u>
Net Cash Provided By Operating Activities	<u>\$ (1,741)</u>

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

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Departmental and other receivables	\$ <u>13,852</u>
Total Assets	\$ <u><u>13,852</u></u>
 <u>LIABILITIES</u>	
Accrued payroll	\$ 5
Due to other funds	11,435
Deposits in custody	135
Due to other governments	1,497
Other liabilities	<u>780</u>
Total Liabilities	\$ <u><u>13,852</u></u>

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

Town of Ashby, Massachusetts

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, proprietary funds, and fiduciary funds, even though the latter are excluded

from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The government 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 *Title V septic loans fund* accounts for the Town's Title V Septic loans and related activity.

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

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

The government reports the following proprietary fund:

- The *transfer station enterprise fund*, which accounts for operations of the Town's transfer station and supporting infrastructure.

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

The government reports the following fiduciary fund:

- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

D. Cash and Short-Term Investments

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

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

purposes of the statement of cash flows, the proprietary fund considers investments with original maturities of three months or less to be cash equivalents.

E. Investments

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

Investments for the Town consist of bank certificates of deposit, U.S. federal agency securities, corporate bonds, and equity securities. Investments are carried at fair value except certificates of deposit which are reported at cost.

F. Property Tax Limitations

Legislation known as "Proposition 2 1/2" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2018 tax levy reflected an excess capacity of \$1,076.

G. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	5 - 10
Office equipment	5 - 15
Computer equipment	5 - 10

H. Long-Term Obligations

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

I. Fund Equity

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

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

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

Net Position - Net position represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position are reported as unrestricted.

J. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates

and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

K. Other Post-Employment Benefits

The Town of Ashby does not offer other post-employment benefits to its retirees.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

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

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

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 7,544,261	\$ 7,374,188
Other financing sources/uses (GAAP basis)	20,000	-
Remove the effect of adding Town stabilization fund per GASB 54	5,902	15,128
Adjust tax revenue to accrual basis	(172,071)	-
Reverse beginning of year appropriation carry-forwards from expenditures	-	(238,521)
Add end of year appropriation carryforwards to expenditures	-	298,758
Recognize use of free cash as funding source	<u>591,156</u>	<u>-</u>
Budgetary basis	<u>\$ 7,989,248</u>	<u>\$ 7,449,553</u>

3. Cash and Short-Term Investments

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

Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2018, none of the Town's bank balance of \$2,261,638 was exposed to custodial credit risk as uninsured and/or uncollateralized.

4. Investments

A. Credit Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	Exempt From <u>Disclosure</u>	<u>Rating as of Year End</u>				
			<u>Aaa</u>	<u>A2</u>	<u>A1</u>	<u>Baa1</u>	<u>Baa3</u>
Federal agency securities	\$ 443,170	\$ -	\$ 443,170	\$ -	\$ -	-	\$ -
Corporate bonds	248,871	-	-	116,302	34,419	53,899	44,251
Certificates of deposits	290,904	290,904	-	-	-	-	-
Corporate equities	141,925	141,925	-	-	-	-	-
Total investments	<u>\$ 1,124,870</u>	<u>\$ 432,829</u>	<u>\$ 443,170</u>	<u>\$ 116,302</u>	<u>\$ 34,419</u>	<u>53,899</u>	<u>\$ 44,251</u>

B. Custodial Credit Risk

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

The Town has no custodial credit risk exposure for its investments because the related securities are insured, registered and held in the Town's name by a third-party custodian. The custodial credit risk is further reduced by the application of SIPC and excess SIPC insurance.

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. treasuries, government agency securities, and mutual funds) that represent 5% or more of total investments are as follows:

Certificates of Deposit:	
J.P. Morgan Chase Bank CD 1.35%	\$ 58,957
Capital One Bank USA National Association CD 1.3%	\$ 63,821
Capital One National Association VA CD 1.35%	\$ 58,870
HSBC Bank USA NA CD 1.5%	\$ 70,043
Corporate Bonds:	
GE Capital International	\$ 57,652

D. Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		<u>Exempt From Disclosure</u>	<u>Less Than 1</u>	<u>1 - 5</u>
Federal agency securities	\$ 443,170	\$ -	\$ 159,265	\$ 283,905
Corporate bonds	248,871	-	-	248,871
Certificates of deposit	290,904	-	-	290,904
Corporate equities	141,925	141,925	-	-
Total	\$ 1,124,870	\$ 141,925	\$ 159,265	\$ 823,680

E. Foreign Currency Risk

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

F. Fair Value

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

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

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Debt securities:				
Federal agency securities	\$ 443,170	\$ -	\$ 443,170	\$ -
Corporate bonds	248,871	-	248,871	-
Equity securities:				
Corporate equities	<u>141,925</u>	141,925	-	-
Total	<u>\$ 833,966</u>			

5. Taxes and Excises Receivable

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

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

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose

of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

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

	Gross Amount (fund basis)	Allowance for Doubtful Accounts	Net Amount (accrual basis)
Real estate taxes	\$ 48,671	\$ -	\$ 48,671
Personal property taxes	1,255	(89)	1,166
Tax liens	<u>89,218</u>	<u>(26,765)</u>	<u>62,453</u>
Total property taxes	<u>\$ 139,144</u>	<u>\$ (26,854)</u>	112,290
Less current portion:			<u>49,837</u>
Noncurrent taxes receivable			<u>\$ 62,453</u>
Motor vehicle excise	<u>\$ 63,826</u>	<u>\$ (5,967)</u>	<u>\$ 57,859</u>
Total excises	<u>\$ 63,826</u>	<u>\$ (5,967)</u>	<u>\$ 57,859</u>

6. Departmental and Loans Receivables

Receivables for departmental and loans at June 30, 2018 consist of the following:

	Gross Amount	Allowance for Doubtful Accounts	Net Amount	Less Current Portion	Long-term Portion
<u>Receivables:</u>					
Ambulance	\$ 102,736	\$ (15,410)	\$ 87,326	\$ (87,326)	\$ -
Title V Septic Loans	<u>50,144</u>	<u>(15,043)</u>	<u>35,101</u>	<u>(466)</u>	<u>34,635</u>
Total	<u>\$ 152,880</u>	<u>\$ (30,453)</u>	<u>\$ 122,427</u>	<u>\$ (87,792)</u>	<u>\$ 34,635</u>

7. Interfund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2018 balances in interfund receivable and payable accounts:

	Due From Other Funds	Due To Other Funds
Governmental activities / General fund	\$ 11,435	\$ -
Agency fund	<u>-</u>	<u>11,435</u>
Total	<u>\$ 11,435</u>	<u>\$ 11,435</u>

8. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 8,220,902	\$ 100,981	\$ -	\$ 8,321,883
Machinery, equipment, and furnishings	2,576,696	2,500	(155,032)	2,424,164
Infrastructure	<u>321,456</u>	<u>392,844</u>	<u>-</u>	<u>714,300</u>
Total capital assets, being depreciated	11,119,054	496,325	(155,032)	11,460,347
Less accumulated depreciation for:				
Buildings and improvements	(5,229,230)	(133,467)	-	(5,362,697)
Machinery, equipment, and furnishings	(1,950,366)	(113,092)	146,812	(1,916,646)
Infrastructure	<u>(4,018)</u>	<u>(12,947)</u>	<u>-</u>	<u>(16,965)</u>
Total accumulated depreciation	<u>(7,183,614)</u>	<u>(259,506)</u>	<u>146,812</u>	<u>(7,296,308)</u>
Total capital assets, being depreciated, net	3,935,440	236,819	(8,220)	4,164,039
Capital assets, not being depreciated:				
Land	1,721,099	-	-	1,721,099
Construction in progress	<u>28,173</u>	<u>41,257</u>	<u>-</u>	<u>69,430</u>
Total capital assets, not being depreciated	<u>1,749,272</u>	<u>41,257</u>	<u>-</u>	<u>1,790,529</u>
Governmental activities capital assets, net	<u>\$ 5,684,712</u>	<u>\$ 278,076</u>	<u>\$ (8,220)</u>	<u>\$ 5,954,568</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 55,875
Public safety	63,804
Public works	59,149
Culture and recreation	<u>80,678</u>
Total depreciation expense - governmental activities	<u>\$ 259,506</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 17.

10. Warrants Payable

Warrants payable represent 2018 expenditures paid by July 15, 2018 as permitted by law.

11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in fiscal year 2019. Future minimum lease payments under the capital leases consisted of the following as of June 30, 2018:

	<u>Fiscal Year</u>	<u>Capital Leases</u>
	2019	\$ <u>23,800</u>
Total payments		23,800
Less amounts representing interest		<u>(1,785)</u>
Present Value of Minimum Lease Payments		<u>\$ 22,015</u>

12. Long-Term Debt

Changes in General Long-Term Liabilities

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

	Total Balance 07/01/17	Additions	Reductions	Total Balance 06/30/18	Less Current Portion	Long-Term Portion 06/30/18
<u>Governmental Activities</u>						
Capital leases	\$ 44,029	\$ -	\$ (22,014)	\$ 22,015	\$ (22,015)	\$ -
Landfill monitoring liability	46,923	-	(7,004)	39,919	(7,000)	32,919
Net pension liability	<u>1,387,848</u>	<u>392,684</u>	<u>-</u>	<u>1,780,532</u>	<u>-</u>	<u>1,780,532</u>
Totals	\$ <u>1,478,800</u>	\$ <u>392,684</u>	\$ <u>(29,018)</u>	\$ <u>1,842,466</u>	\$ <u>(29,015)</u>	\$ <u>1,813,451</u>

13. Overlapping Debt

The Town is a member community of other governmental agencies, which are authorized to issue debt. The Town is not directly responsible for the payment or guarantee of these debts; however, annual debt service costs are included in the operating budgets of these agencies and are funded through user charges and/or assessments to the Town. The following summarizes the debt of these other agencies and the Town's related participation percentages:

<u>Related Entity</u>	<u>Total Principal</u>	<u>Town's Percent</u>	<u>Town's Share</u>
North Middlesex Regional School District:			
Ashby Elementary roof and window project	\$ 109,336	100.00%	\$ 109,336
New High School	36,800,000	12.35%	4,544,800
Montachusett Regional Vocational Technical School:			
School construction bond	<u>3,315,000</u>	1.79%	<u>59,339</u>
Total	\$ <u>40,224,336</u>		\$ <u>4,713,475</u>

In addition, the Town has authorized North Middlesex Regional School District to issue debt as follows:

- \$50,379,977 for feasibility study and construction of a new high school. The Town will be responsible for 12.35% of this future issuance.
- \$600,000 for a new septic system at the Hawthorne Brook Middle School. The Town will be responsible for 23.42% of this future issuance.
- \$902,127 for the Ashby Elementary roof and window project. The Town will be responsible for 100% of this future issuance.
- \$4,000,000 for roofing, windows, HVAC system and other upgrades at the Varnum Brook Elementary School. The Town will be responsible for 1.13% of this future issuance.
- \$2,000,000 for windows, doors, HVAC system, and minor structural repairs at the Hawthorne Brook Middle School. The Town will be responsible for 24.37% of this future issuance.

- \$2,000,000 for roofing, siding, HVAC upgrade and interior repairs at the Squannacook Early Childhood Center. The Town will be responsible for 4.44% of this future issuance.

14. Landfill Closure and Post-Closure Care Costs

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

The \$39,919 reported as landfill post-closure care liability at June 30, 2018 represents the estimated post-closure maintenance costs. These amounts are based on what it would cost to perform all post-closure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports two items as deferred inflows of resources: one which is attributable to changes in net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 17. Unavailable revenues are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

16. Governmental Funds - Balances

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

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

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

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

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

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

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

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

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

	General Fund	Title V Septic Loans	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 432,869	\$ 432,869
Total Nonexpendable	-	-	432,869	432,869
Restricted				
Special revenue funds	-	44,327	553,814	598,141
Expendable permanent funds	-	-	183,364	183,364
Total Restricted	-	44,327	737,178	781,505
Committed				
Special articles:				
General government	233,769	-	-	233,769
Public safety	16,877	-	-	16,877
Capital project funds	-	-	30,276	30,276
Total Committed	250,646	-	30,276	280,922
Assigned				
Encumbrances:				
General government	8,925	-	-	8,925
Public safety	20,360	-	-	20,360
Public works	15,141	-	-	15,141
Health and human services	2,742	-	-	2,742
Culture and recreation	819	-	-	819
Employee benefits	126	-	-	126
Reserve for expenditure	450,893	-	-	450,893
Total Assigned	499,006	-	-	499,006
Unassigned				
General fund unassigned	815,081	-	-	815,081
General stabilization fund	552,302	-	-	552,302
Deficit funds	-	-	(68,231)	(68,231)
Total Unassigned	1,367,383	-	(68,231)	1,299,152
Total Fund Balance	\$ 2,117,035	\$ 44,327	\$ 1,132,092	\$ 3,293,454

17. Middlesex County Retirement System

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

A. Plan Description

Substantially all employees of the Town are members of the Middlesex County Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter

32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 25 Linnell Circle, Billerica, MA 01821.

Participant Retirement Benefits

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

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

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 50 for groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of Group position for at least 12 months immediately prior to retirement.

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

Participant Refunds

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

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after December 31, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

Employer Contributions

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

The Town's contribution to the System for the year ended June 30, 2018 was \$147,365, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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

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

At June 30, 2018, the Town reported a liability of \$1,780,532 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.125462%.

For the year ended June 30, 2018, the Town recognized pension expense of \$248,041. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,004	\$ 9,093
Changes of assumptions	170,198	-
Net difference between projected and actual investment earnings on pension plan investments	-	48,363
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>368,886</u>	<u>197,985</u>
Total	<u>\$ 545,088</u>	<u>\$ 255,441</u>

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

Year ended June 30:	
2019	\$ 88,645
2020	87,370
2021	45,336
2022	<u>68,296</u>
Total	<u>\$ 289,647</u>

D. Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.0% - 4.5% depending on Group
Investment rate of return	7.5%

Mortality rates were as follows:

- Pre-retirement - reflects RP-2014 Employee Mortality Table projected generationally with Scale MP-2017
- Healthy Retiree - reflects RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
- Disabled Retiree – reflects RP-2014 Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return (Geometric Average)</u>
Domestic equity	17.50%	6.15%
International developed markets equity	15.50%	7.11%
International emerging markets equity	6.00%	9.41%
Core fixed income	12.00%	1.68%
High-yield fixed income	10.00%	4.13%
Real estate	10.00%	4.90%
Commodities	4.00%	4.71%
Hedge funds, GTAA, Risk parity	13.00%	3.94%
Private equity	12.00%	10.28%
Total	<u>100.00%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$2,185,313	\$1,780,532	\$1,439,258

G. Pension Plan Fiduciary Net Position

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

18. Commitments and Contingencies

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

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

Middlesex County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2018	December 31, 2017	0.125462%	\$1,780,532	\$1,102,061	161.56%	49.27%
June 30, 2017	December 31, 2016	0.097951%	\$1,387,848	\$ 892,435	155.51%	45.49%
June 30, 2016	December 31, 2015	0.124905%	\$1,611,292	\$ 926,336	173.94%	46.13%
June 30, 2015	December 31, 2014	0.118900%	\$1,427,805	\$ 890,708	160.30%	47.65%

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

See Independent Auditors' Report.

TOWN OF ASHBY, MASSACHUSETTS
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2018

(Unaudited)

Middlesex County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2018	December 31, 2017	\$147,365	\$147,365	\$ -	\$1,102,061	13.37%
June 30, 2017	December 31, 2016	\$173,361	\$173,361	\$ -	\$892,435	19.43%
June 30, 2016	December 31, 2015	\$163,640	\$163,640	\$ -	\$926,336	17.67%
June 30, 2015	December 31, 2014	\$150,378	\$150,378	\$ -	\$890,708	16.88%

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

See Independent Auditors' Report.