

**TOWN OF WARE, MASSACHUSETTS**

**Report on the Examination  
Of Basic Financial Statements**

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

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

**TABLE OF CONTENTS**

	<u>Page</u>
<b>TABLE OF CONTENTS</b> .....	2
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	3-4
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	5-13
<b>BASIC FINANCIAL STATEMENTS</b> .....	14
<b>Government-Wide Financial Statements</b>	
Statement of Net Position .....	15
Statement of Activities .....	16
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) – Budget and Actual – General Fund .....	21
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis .....	22
Statement of Net Position – Proprietary Funds .....	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	27
<b>Notes to the Financial Statements</b> .....	28-63
<b>REQUIRED SUPPLEMENTARY INFORMATION</b> .....	64
Pension Plan Schedules .....	65-66
Other Post Employment Benefit Plan Schedules .....	67-69
<b>SUPPLEMENTARY SCHEDULES</b> .....	70
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	71-73
Schedule of Real Estate, Personal Property, Supplemental and Rollback Taxes .....	74
Schedule of Motor Vehicle, Farm Animal and Boat Excise Taxes.....	75
Schedule of Tax Liens.....	76

## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Ware, 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 Ware, 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 Ware, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ware, 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 the management's discussion and analysis, pension plan and other post employment 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 Ware, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration of the Town of Ware, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ware, Massachusetts' internal control over financial reporting and compliance.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

June 12, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Ware, 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 liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$7,209,187 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$7,511,483, an increase of \$302,296 (4%).
- 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 \$9,148,638 on the statement of net position from the previous year, see Note 5.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$5,052,191, an increase of \$211,597 (4%) in comparison with prior year.
- The General Fund's total fund balance increased \$288,371 (10%) to \$3,156,088. The ending General Fund balance is 10% of revenues and transfers in and 10% of expenditures and transfers out.
- Total long-term liabilities of the Town decreased by \$3,808,567 (7%) to \$48,632,066 during the fiscal year. This net change resulted mainly from an increase in notes payable of \$755,300 and decreases in the net pension liability of \$2,786,117 and in the net bonds and leases payable of \$1,534,415.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$1,253,265. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$530,500, excess over budget – State and local receipts of \$574,200 and prior year free cash not appropriated of \$261,200.
- The Town's enterprise funds certified free cash is as follows:
  - Sewer fund                      \$ 145,560.
  - Water Fund                        \$ 1,156,948.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Ware'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 net 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, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the sewer and water 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 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 Ware 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.

**Proprietary funds.** The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water activities.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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 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
<b>Assets:</b>			
Current assets	\$ 11,288,907	\$ 10,601,611	\$ 687,296
Noncurrent assets (excluding capital assets)	-	778,575	(778,575)
Capital assets	24,569,585	25,001,955	(432,370)
<b>Total assets</b>	<b>35,858,492</b>	<b>36,382,141</b>	<b>(523,649)</b>
<b>Deferred Outflows of Resources</b>	<b>1,808,606</b>	<b>2,302,441</b>	<b>(493,835)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	2,467,486	2,675,993	(208,507)
Current debt including leases	2,151,707	1,866,466	285,241
Noncurrent liabilities (excluding debt and leases)	37,915,092	40,582,949	(2,667,857)
Noncurrent debt including leases	2,726,270	4,098,976	(1,372,706)
<b>Total liabilities</b>	<b>45,260,555</b>	<b>49,224,384</b>	<b>(3,963,829)</b>
<b>Deferred Inflows of Resources</b>	<b>3,294,176</b>	<b>468,010</b>	<b>2,826,166</b>
<b>Net Position:</b>			
Net investment in capital assets	20,725,183	20,776,938	(51,755)
Restricted	2,850,993	2,624,453	226,540
Unrestricted	(34,463,809)	(34,409,203)	(54,606)
<b>Total net position</b>	<b>\$ (10,887,633)</b>	<b>\$ (11,007,812)</b>	<b>\$ 120,179</b>

	Business-Type Activities		
	2018	2017	Change
<b>Assets:</b>			
Current assets	\$ 2,155,954	\$ 1,999,694	\$ 156,260
Capital assets	4,975,317	4,578,997	396,320
<b>Total assets</b>	<b>7,131,271</b>	<b>6,578,691</b>	<b>552,580</b>
<b>Deferred Outflows of Resources</b>	<b>136,927</b>	<b>168,044</b>	<b>(31,117)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	84,739	75,326	9,413
Current debt	551,300	133,950	417,350
Noncurrent liabilities (excluding debt)	1,830,472	1,991,973	(161,501)
Noncurrent debt	905,000	1,015,000	(110,000)
<b>Total liabilities</b>	<b>3,371,511</b>	<b>3,216,249</b>	<b>155,262</b>
<b>Deferred Inflows of Resources</b>	<b>218,241</b>	<b>34,157</b>	<b>184,084</b>
<b>Net Position:</b>			
Net investment in capital assets	3,519,017	3,431,047	87,970
Restricted	81,156	48,516	32,640
Unrestricted	78,273	16,766	61,507
<b>Total net position</b>	<b>\$ 3,678,446</b>	<b>\$ 3,496,329</b>	<b>\$ 182,117</b>



## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
<b>Program Revenues:</b>			
Charges for services	\$ 1,842,970	\$ 1,852,986	\$ (10,016)
Operating grants and contributions	16,199,080	15,557,351	641,729
Capital grants and contributions	429,035	481,136	(52,101)
<b>General Revenues:</b>			
Property taxes	14,715,452	14,234,887	480,565
Motor vehicle excise and other taxes	1,199,720	1,151,859	47,861
Penalties and interest on taxes	79,477	120,115	(40,638)
Nonrestricted grants	2,153,461	2,115,421	38,040
Unrestricted investment income	15,081	11,486	3,595
Miscellaneous	7,130	3,010	4,120
<b>Total revenues</b>	<b>36,641,406</b>	<b>35,528,251</b>	<b>1,113,155</b>
<b>Expenses:</b>			
General Government	1,497,684	1,401,443	96,241
Public Safety	4,085,646	4,131,429	(45,783)
Public Works	1,615,668	1,947,733	(332,065)
Education	17,443,105	17,095,971	347,134
Health and Human Services	1,099,132	1,421,000	(321,868)
Culture and Recreation	495,576	421,126	74,450
Employee Benefits and Insurance	9,215,983	9,937,926	(721,943)
State Assessments	1,099,360	1,095,425	3,935
Interest	153,482	171,647	(18,165)
<b>Total expenses</b>	<b>36,705,636</b>	<b>37,623,700</b>	<b>(918,064)</b>
<b>Net (expenses) revenues</b>	<b>(64,230)</b>	<b>(2,095,449)</b>	<b>2,031,219</b>
<b>Contributions to permanent funds</b>	<b>6,180</b>	<b>3,150</b>	<b>3,030</b>
<b>Transfers</b>	<b>178,229</b>	<b>180,826</b>	<b>(2,597)</b>
<b>Change in net position</b>	<b>120,179</b>	<b>(1,911,473)</b>	<b>2,031,652</b>
<b>Net position - beginning of year</b>	<b>(11,007,812)</b>	<b>(9,096,339)</b>	<b>(1,911,473)</b>
<b>Net position - end of year</b>	<b>\$ (10,887,633)</b>	<b>\$ (11,007,812)</b>	<b>\$ 120,179</b>

	<b>Business-Type Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 1,829,437	\$ 1,780,290	\$ 49,147
Operating grants and contributions	4,336	32,210	(27,874)
Capital grants and contributions	-	43,627	(43,627)
<b>Total revenues</b>	<b>1,833,773</b>	<b>1,856,127</b>	<b>(22,354)</b>
<b>Expenses:</b>			
Sewer	778,170	750,186	27,984
Water	695,257	820,858	(125,601)
<b>Total expenses</b>	<b>1,473,427</b>	<b>1,571,044</b>	<b>(97,617)</b>
<b>Net (expenses) revenues</b>	<b>360,346</b>	<b>285,083</b>	<b>75,263</b>
<b>Transfers</b>	<b>(178,229)</b>	<b>(180,826)</b>	<b>2,597</b>
<b>Change in net position</b>	<b>182,117</b>	<b>104,257</b>	<b>77,860</b>
<b>Net position - beginning of year</b>	<b>3,496,329</b>	<b>3,392,072</b>	<b>104,257</b>
<b>Net position - end of year</b>	<b>\$ 3,678,446</b>	<b>\$ 3,496,329</b>	<b>\$ 182,117</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,209,187 at the close of fiscal year 2018.

Net position of \$24,244,200 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); 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 \$2,932,149, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$34,385,536).

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 Town is able to report positive balances in all three categories of net position for the business-type activities.

The governmental activities net position increased by \$120,179 (1%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2018 are attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,707,816 exceeding the acquisition of \$1,275,446 in new capital assets and a decrease as a result of recognizing this year's change in the deferred outflow/(inflow) of resources related to OPEB of \$696,123, and an increase from the net change in the debt and leases of \$1,429,415.

There was an increase of \$182,117 (5%) in net position reported in the business-type activities. Of this, there was a decrease of \$41,625 attributed to the sewer department and an increase of \$223,742 attributed to the water department.

### **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 \$5,052,191, an increase of \$211,597 (4%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$153,488 (3%).
- Restricted fund balance – \$1,977,558 (39%).
- Committed fund balance – \$314,280 (6%).
- Assigned fund balance – \$811,915 (16%).
- Unassigned fund balance – \$1,794,950 (36%).

#### Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$3,156,088 increasing \$288,371 (10%) from the prior year. Of the \$3,156,088, the unassigned amount is \$2,344,73 (74%) and the assigned amount is \$811,915 (26%). General fund revenues were \$704,919 (2%) more than the prior fiscal year and expenditures also increased by \$847,396 (3%). Other activity in the General Fund consisted of net transfers from other funds of \$721,500.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$391,327 (3%), in intergovernmental receipts of \$137,894 (1%), in excise and other taxes of \$74,569 (7%) and in licenses, permits and fees of \$98,937 (22%) from the prior year.

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

- Increase in Education expenditures of \$347,358 (2%).
- Increase in Employee benefits and insurance expenditures of \$491,330 (6%).

**Proprietary funds.** The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *Sewer Fund* has accumulated a fund balance of \$25,947 used in the financing and operations of the Town's sewer system. The fund shows a decrease of \$41,625 (62%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$62,559, interest income of \$820, interest expense of \$9,038 and net transfers to the general fund of \$95,966. Operating revenues increased by \$21,026 (3%) and operating expenses also increased by \$28,591 (4%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$3,652,499 used in the financing and operations of the Town's water system. The fund shows an increase of \$223,742 (7%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$331,336, interest income of \$3,516, interest expense of \$28,847 and net transfers to the general fund of \$82,263. Operating revenues increased by \$28,121 (3%) while operating expenses decreased by \$128,210 (16%) from the prior year.

### **General Fund Budgetary Highlights**

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2018 as well as the final budget are presented. The final general fund budget for fiscal year 2018 was \$30,297,482. This was an increase of \$723,646 (2%) over the previous year's budget.

There was an increase of \$337,899 between the original budget and the final amended budget. The change is attributed to votes at various special town meetings for various budget operating line items.

General fund expenditures were less than budgeted by \$695,900. Of the \$695,900 in under budget expenditures, \$165,415 has been carried over to fiscal year 2019.

There is a negative variance in property taxes of \$154,991 as expectations (budget) were higher than the receipts.

A negative variance exists in public works of \$44,039 as the actual expenses exceeded the budget. This was mainly as a result of higher than anticipated snow and ice clearing activities during the winter season. Additionally, there was a negative variance in state assessments of \$12,208 due to a lower payment in the charter school sending tuitions of \$44,935 and higher payment in the school choice sending tuitions of \$57,143 than the actual assessments.

Overall the variance with the final budget was a positive \$949,734 consisting of a revenue surplus of \$419,249 and an appropriation surplus of \$530,485.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$24,569,585 and \$4,975,317, respectively.

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:

- Various Buildings' Energy improvements (LED lighting) for \$123,189.
- Police vehicle purchases for \$42,568.
- Fire Department equipment purchase for \$27,275.
- Highway fuel system for \$16,346.
- Highway vehicle purchase for \$40,779.
- Roads, parking and sidewalks infrastructure improvements for \$910,344.
- School improvements for \$32,154.
- Senior Center parking lot paving for \$57,450.
- Parks equipment purchase for \$24,998.

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

In the sewer fund:

- Building Energy improvements (LED lighting) for \$19,025.
- Wastewater Treatment Plant repairs for \$59,600.
- Equipment purchase for \$47,527.
- Infrastructure improvements for 117,121.

In the water fund:

- Building Energy improvements (LED lighting) for \$11,995.
- Water Treatment Plant improvements for \$291,539.
- Vehicle purchase for \$22,336.

**Debt Administration.** The Town's outstanding governmental debt, as of June 30, 2018, totaled \$3,907,200, of which \$1,005,000 is for the school projects, \$1,358,100 is for the various construction and building improvements, \$1,130,000 for departmental vehicles and equipment, \$314,100 is for landfill projects, \$40,000 for veteran's park and \$60,000 for road improvements.

The governmental activities also have bond and state anticipation notes outstanding for \$779,000 of which \$524,000 is for various projects and \$255,000 is for highway anticipated revenue from the Commonwealth.

The Town also has a capital lease for an Emergency Medical Services vehicle. The lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Town currently owes \$213,749 on the leases consisting of \$191,777 in principal and \$21,972 in interest.

The Town's outstanding business-type debt totaled \$1,015,000 consisting of \$302,000 in sewer debt and \$713,000 in water debt.

The business-type activities also have a bond anticipation note outstanding of \$441,300, of which \$132,300 is for the inflow and infiltration study at the Wastewater Treatment Plant and \$309,000 is for the Water Treatment Plant project.

Please refer to notes 3D, 3F, 3G and 3H for further discussion of the major capital and debt activity.

### Next Year's Annual Town Meeting

The Town of Ware 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 exception of the fund balance (free cash) and appropriations amounts used to fund the 2019 budget. The Annual Town Meeting on May 14, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

From raise and appropriate		\$	28,937,609
From sewer revenues	\$	734,400	
From sewer reserve fund		<u>200,000</u>	934,400
From water revenues		834,800	
From water reserve fund		<u>225,000</u>	1,059,800
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash		646,500	
Continuing appropriations		<u>12,932</u>	659,432
<b>Non-major Governmental Funds:</b>			
Reserve for Ambulance		41,617	
Sale of cemetery lots		<u>5,000</u>	46,617
			<u>\$ 31,637,858</u>

### Requests for Information

This financial report is designed to provide a general overview of the Town of Ware'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, 126 Main Street, Ware, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF WARE, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 6,360,183	\$ 1,882,749	\$ 8,242,932
Investments	786,351	-	786,351
Cash in Custody of Others	169,916	-	169,916
Receivables, net of allowance for uncollectibles:			
Property Taxes	763,992	-	763,992
Tax Liens	456,118	-	456,118
Excise Taxes	170,556	-	170,556
User Charges	-	273,205	273,205
Departmental	337,508	-	337,508
Due from Other Governments	2,244,283	-	2,244,283
Total current assets	<u>11,288,907</u>	<u>2,155,954</u>	<u>13,444,861</u>
<b>NONCURRENT:</b>			
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	2,741,902	802,060	3,543,962
Depreciable	21,827,683	4,173,257	26,000,940
Total noncurrent assets	<u>24,569,585</u>	<u>4,975,317</u>	<u>29,544,902</u>
<b>Total Assets</b>	<u><u>35,858,492</u></u>	<u><u>7,131,271</u></u>	<u><u>42,989,763</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,799,395	136,644	1,936,039
Deferred Outflows Related to OPEB	9,211	283	9,494
<b>Total Deferred Outflows of Resources</b>	<u>1,808,606</u>	<u>136,927</u>	<u>1,945,533</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	1,308,628	66,036	1,374,664
Accrued Payroll	1,002,775	8,048	1,010,823
Payroll Withholdings	6,961	-	6,961
Other	32,753	-	32,753
Accrued Interest	31,835	8,442	40,277
Compensated Absences	84,534	2,213	86,747
Notes Payable	779,000	441,300	1,220,300
Bonds and Leases Payable	1,372,707	110,000	1,482,707
Total current liabilities	<u>4,619,193</u>	<u>636,039</u>	<u>5,255,232</u>
<b>NONCURRENT:</b>			
Compensated Absences	398,564	4,742	403,306
Net OPEB Liability	22,881,769	714,384	23,596,153
Net Pension Liability	14,634,759	1,111,346	15,746,105
Bonds and Leases Payable	2,726,270	905,000	3,631,270
Total noncurrent liabilities	<u>40,641,362</u>	<u>2,735,472</u>	<u>43,376,834</u>
<b>Total Liabilities</b>	<u><u>45,260,555</u></u>	<u><u>3,371,511</u></u>	<u><u>48,632,066</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	2,588,842	196,594	2,785,436
Deferred Inflows Related to OPEB	705,334	21,647	726,981
<b>Total Deferred Inflows of Resources</b>	<u>3,294,176</u>	<u>218,241</u>	<u>3,512,417</u>
<b>NET POSITION</b>			
Net Investments in Capital Assets	20,725,183	3,519,017	24,244,200
Restricted for:			
Capital Projects	107,620	81,156	188,776
Federal & State Grants	1,183,416	-	1,183,416
Permanent Funds:			
Expendable	126,121	-	126,121
Nonexpendable	153,488	-	153,488
Other Purposes	1,280,348	-	1,280,348
Unrestricted	(34,463,809)	78,273	(34,385,536)
<b>Total Net Position</b>	<u><u>\$ (10,887,633)</u></u>	<u><u>\$ 3,678,446</u></u>	<u><u>\$ (7,209,187)</u></u>

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

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

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 1,497,684	\$ 278,006	\$ 496,954	\$ -	\$ (722,724)	\$ -	\$ (722,724)
Public Safety	4,085,646	1,216,403	344,830	-	(2,524,413)	-	(2,524,413)
Public Works	1,615,668	5,531	637,145	429,035	(543,957)	-	(543,957)
Education	17,443,105	255,314	11,462,562	-	(5,725,229)	-	(5,725,229)
Health and Human Services	1,099,132	45,061	659,002	-	(395,069)	-	(395,069)
Culture and Recreation	495,576	42,655	35,815	-	(417,106)	-	(417,106)
Employee Benefits and Insurance	9,215,983	-	2,519,882	-	(6,696,101)	-	(6,696,101)
State Assessments	1,099,360	-	-	-	(1,099,360)	-	(1,099,360)
Interest	153,482	-	42,890	-	(110,592)	-	(110,592)
<b>Total Governmental Activities</b>	<b>36,705,636</b>	<b>1,842,970</b>	<b>16,199,080</b>	<b>429,035</b>	<b>(18,234,551)</b>	<b>-</b>	<b>(18,234,551)</b>
<b>Business-Type Activities:</b>							
Water	695,257	997,746	3,516	-	-	306,005	306,005
Sewer	778,170	831,691	820	-	-	54,341	54,341
<b>Total Primary Government</b>	<b>\$ 38,179,063</b>	<b>\$ 3,672,407</b>	<b>\$ 16,203,416</b>	<b>\$ 429,035</b>	<b>(18,234,551)</b>	<b>360,346</b>	<b>(17,874,205)</b>
<b>General Revenues:</b>							
Property taxes					14,715,452	-	14,715,452
Motor vehicle excise and other taxes					1,199,720	-	1,199,720
Penalties & Interest on taxes					79,477	-	79,477
Grants & Contributions not restricted to specific programs					2,153,461	-	2,153,461
Unrestricted investment income					15,081	-	15,081
Miscellaneous					7,130	-	7,130
<b>Contributions to permanent funds</b>					6,180	-	6,180
<b>Transfers, net</b>					178,229	(178,229)	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>18,354,730</b>	<b>(178,229)</b>	<b>18,176,501</b>
<b>Change in Net Position</b>					120,179	182,117	302,296
<b>Net Position:</b>							
Beginning of year (as restated)					(11,007,812)	3,496,329	(7,511,483)
End of year					<b>\$ (10,887,633)</b>	<b>\$ 3,678,446</b>	<b>\$ (7,209,187)</b>

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



**TOWN OF WARE MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,579,159	\$ 1,781,024	\$ 6,360,183
Investments	395,414	390,937	786,351
Cash in Custody of Others	-	169,916	169,916
Receivables, net of allowance for uncollectibles:			
Property Taxes	763,992	-	763,992
Tax Liens	456,118	-	456,118
Excise Taxes	170,556	-	170,556
Departmental	32,389	305,119	337,508
Due from Other Governments	1,031,435	1,197,491	2,228,926
<b>Total Assets</b>	<b>\$ 7,429,063</b>	<b>\$ 3,844,487</b>	<b>\$ 11,273,550</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 1,089,866	\$ 218,762	\$ 1,308,628
Accrued Payroll	963,001	39,774	1,002,775
Payroll Withholdings	6,961	-	6,961
Other	32,753	-	32,753
Notes Payable	-	779,000	779,000
<b>Total Liabilities</b>	<b>2,092,581</b>	<b>1,037,536</b>	<b>3,130,117</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	2,180,394	910,848	3,091,242
<b>Fund Balance:</b>			
Nonspendable	-	153,488	153,488
Restricted	-	1,977,558	1,977,558
Committed	-	314,280	314,280
Assigned	811,915	-	811,915
Unassigned	2,344,173	(549,223)	1,794,950
<b>Total Fund Balance</b>	<b>3,156,088</b>	<b>1,896,103</b>	<b>5,052,191</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,429,063</b>	<b>\$ 3,844,487</b>	<b>\$ 11,273,550</b>

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

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property Taxes	\$ 14,590,733	\$ -	\$ 14,590,733
Intergovernmental	12,733,100	3,927,722	16,660,822
Excise and Other Taxes	1,205,010	-	1,205,010
Licenses, Permits, Fees	545,052	-	545,052
Charges for Services	-	1,370,609	1,370,609
Interest on Taxes	79,477	-	79,477
Investment Income	15,081	(2,767)	12,314
Gifts and Donations	-	69,880	69,880
Other	-	29,266	29,266
Intergovernmental - "On-behalf" Payments	2,538,167	-	2,538,167
<b>Total Revenues</b>	<b>31,706,620</b>	<b>5,394,710</b>	<b>37,101,330</b>
<b>Expenditures:</b>			
Current:			
General Government	1,071,582	429,664	1,501,246
Public Safety	3,157,550	671,146	3,828,696
Public Works	1,036,887	1,272,535	2,309,422
Education	14,640,974	2,050,804	16,691,778
Health and Human Services	608,740	471,432	1,080,172
Culture and Recreation	379,658	67,632	447,290
Employee Benefits and Insurance	8,569,941	-	8,569,941
State Assessments	1,099,360	-	1,099,360
Debt Service:			
Principal	1,407,400	-	1,407,400
Interest	167,657	-	167,657
<b>Total Expenditures</b>	<b>32,139,749</b>	<b>4,963,213</b>	<b>37,102,962</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(433,129)</b>	<b>431,497</b>	<b>(1,632)</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	873,839	120,127	993,966
Operating Transfers Out	(152,339)	(663,398)	(815,737)
Proceeds from Issuance of Bonds and Notes	-	35,000	35,000
<b>Total Other Financing Sources (Uses)</b>	<b>721,500</b>	<b>(508,271)</b>	<b>213,229</b>
<b>Net Change in Fund Balances</b>	<b>288,371</b>	<b>(76,774)</b>	<b>211,597</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,867,717</b>	<b>1,972,877</b>	<b>4,840,594</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,156,088</b>	<b>\$ 1,896,103</b>	<b>\$ 5,052,191</b>

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

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

<b>Total Governmental Fund Balances</b>	\$	5,052,191
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		24,569,585
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		3,106,599
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		(1,485,570)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds and Leases Payable	\$	(4,098,977)
Net Other Post Employment Benefits Liability		(22,881,769)
Net Pension Liability		(14,634,759)
Compensated Absences		(483,098)
		(42,098,603)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(31,835)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>(10,887,633)</b>

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

**TOWN OF WARE 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** \$ 211,597

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	\$ 1,275,446	
Depreciation	<u>(1,707,816)</u>	(432,370)

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 and WPAT principal subsidy. (453,744)

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 Lease Principal	1,464,415	
Proceeds from Bonds and Notes	<u>(35,000)</u>	1,429,415

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	(2,852)	
Net Change in Net Other Post Employment Benefits Liability	37,075	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(696,123)	
Net Change in Net Pension Liability	2,636,884	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(2,623,878)	
Net Change in Accrued Interest on Long-Term Debt	<u>14,175</u>	(634,719)

**Change in Net Position of Governmental Activities** \$ 120,179

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

**TOWN OF WARE MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY 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				
<b>Revenues:</b>							
Property Taxes	\$ -	\$ 14,587,685	\$ 14,600,724	\$ 14,445,733	\$ -	\$ (154,991)	
Intergovernmental	-	12,530,026	12,530,026	12,733,100	-	203,074	
Excise and Other Taxes	-	1,010,200	1,010,200	1,205,010	-	194,810	
Licenses, Permits, Fees	-	386,967	386,967	545,052	-	158,085	
Interest on Taxes	-	73,000	73,000	79,477	-	6,477	
Interest on Investments	-	5,000	5,000	16,794	-	11,794	
<b>Total Revenues</b>	-	28,592,878	28,605,917	29,025,166	-	419,249	
<b>Expenditures:</b>							
Current:							
General Government	46,269	1,201,194	1,251,684	1,071,582	79,177	100,925	
Public Safety	16,297	3,176,510	3,318,624	3,157,550	45,722	115,352	
Public Works	23,864	882,805	1,004,069	1,036,887	11,221	(44,039)	
Education	108,645	14,634,574	14,743,219	14,640,974	9,647	92,598	
Health and Human Services	8,170	594,049	647,219	608,740	12,127	26,352	
Culture and Recreation	3,246	369,017	398,264	379,658	5,673	12,933	
Employee Benefits and Insurance	-	6,216,411	6,285,871	6,050,059	1,848	233,964	
State Assessments	-	1,087,152	1,087,152	1,099,360	-	(12,208)	
Debt Service:							
Principal	-	1,355,000	1,395,000	1,392,139	-	2,861	
Interest	-	236,380	166,380	164,633	-	1,747	
<b>Total Expenditures</b>	206,491	29,753,092	30,297,482	29,601,582	165,415	530,485	
<b>Excess of Revenues Over (Under) Expenditures</b>	(206,491)	(1,160,214)	(1,691,565)	(576,416)	(165,415)	949,734	
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	-	910,180	945,180	873,839	-	(71,341)	
Operating Transfers Out	-	(108,500)	(261,500)	(268,339)	-	(6,839)	
<b>Total Other Financing Sources (Uses)</b>	-	801,680	683,680	605,500	-	(78,180)	
<b>Net Change in Budgetary Fund Balance</b>	(206,491)	(358,534)	(1,007,885)	\$ 29,084	\$ (165,415)	\$ 871,554	
<b>Other Budgetary Items:</b>							
Free Cash and Other Reserves	-	525,000	967,860				
Prior Year Deficits	-	(166,466)	(166,466)				
Prior Year Encumbrances	206,491	-	206,491				
<b>Total Other Budgetary Items</b>	206,491	358,534	1,007,885				
<b>NET BUDGET</b>	\$ -	\$ -	\$ -				

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

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

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	<b>\$ 29,025,166</b>	<b>\$ 29,601,582</b>
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	(1,713)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	2,538,167	-
Recognition of Expenditures - "on behalf payments"	-	2,538,167
Net Increase in Revenue from Recording 60-Day Receipts	145,000	-
<b>Reported on a GAAP Basis</b>	<b>\$ 31,706,620</b>	<b>\$ 32,139,749</b>

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

**TOWN OF WARE MASSACHUSETTS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 1,480,313	\$ 402,436	\$ 1,882,749
User Charges, net of allowance for uncollectibles	151,713	121,492	273,205
Total current assets	<u>1,632,026</u>	<u>523,928</u>	<u>2,155,954</u>
<b>NONCURRENT:</b>			
Capital Assets, net of accumulated Depreciation			
Non-depreciable	618,239	183,821	802,060
Depreciable	3,238,003	935,254	4,173,257
Total noncurrent assets	<u>3,856,242</u>	<u>1,119,075</u>	<u>4,975,317</u>
<b>Total Assets</b>	<u>5,488,268</u>	<u>1,643,003</u>	<u>7,131,271</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	65,132	71,512	136,644
Deferred Outflows Related to OPEB	83	200	283
<b>Total Deferred Outflows of Resources</b>	<u>65,215</u>	<u>71,712</u>	<u>136,927</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Accounts Payable	29,092	36,944	66,036
Accrued Payroll	3,996	4,052	8,048
Accrued Interest	7,299	1,143	8,442
Compensated Absences	994	1,219	2,213
Bond Anticipation Notes Payable	309,000	132,300	441,300
Bonds Payable	78,300	31,700	110,000
Total current liabilities	<u>428,681</u>	<u>207,358</u>	<u>636,039</u>
<b>NONCURRENT:</b>			
Compensated Absences	1,426	3,316	4,742
Net OPEB Liability	206,372	508,012	714,384
Net Pension Liability	529,726	581,620	1,111,346
Bonds Payable	634,700	270,300	905,000
Total noncurrent liabilities	<u>1,372,224</u>	<u>1,363,248</u>	<u>2,735,472</u>
<b>Total Liabilities</b>	<u>1,800,905</u>	<u>1,570,606</u>	<u>3,371,511</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	93,707	102,887	196,594
Deferred Inflows Related to OPEB	6,372	15,275	21,647
<b>Total Deferred Inflows of Resources</b>	<u>100,079</u>	<u>118,162</u>	<u>218,241</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,834,242	684,775	3,519,017
Restricted for Capital	65,276	15,880	81,156
Unrestricted	752,981	(674,708)	78,273
<b>Total Net Position</b>	<u>\$ 3,652,499</u>	<u>\$ 25,947</u>	<u>\$ 3,678,446</u>

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

**TOWN OF WARE MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 986,564	\$ 826,571	\$ 1,813,135
Other	11,182	5,120	16,302
<b>Total Operating Revenues</b>	<b>997,746</b>	<b>831,691</b>	<b>1,829,437</b>
<b>Operating Expenses:</b>			
Salaries & Wages	225,147	238,533	463,680
Operating Expenses	316,128	482,912	799,040
Depreciation	125,135	47,687	172,822
<b>Total Operating Expenses</b>	<b>666,410</b>	<b>769,132</b>	<b>1,435,542</b>
<b>Operating Income (Loss)</b>	<b>331,336</b>	<b>62,559</b>	<b>393,895</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	3,516	820	4,336
Interest Expense	(28,847)	(9,038)	(37,885)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(25,331)</b>	<b>(8,218)</b>	<b>(33,549)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>306,005</b>	<b>54,341</b>	<b>360,346</b>
<b>Operating Transfers:</b>			
Transfer In	15,238	16,974	32,212
Transfer(Out)	(97,501)	(112,940)	(210,441)
<b>Total Operating Transfers</b>	<b>(82,263)</b>	<b>(95,966)</b>	<b>(178,229)</b>
<b>Change in Net Position</b>	<b>223,742</b>	<b>(41,625)</b>	<b>182,117</b>
<b>Net Position at Beginning of Year (as restated)</b>	<b>3,428,757</b>	<b>67,572</b>	<b>3,496,329</b>
<b>Net Position at End of Year</b>	<b>\$ 3,652,499</b>	<b>\$ 25,947</b>	<b>\$ 3,678,446</b>

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



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

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 950,812	\$ 817,291	\$ 1,768,103
Receipts from Other Revenues	11,182	5,120	16,302
Payments to Vendors	(311,231)	(405,837)	(717,068)
Payments to Employees	(225,544)	(241,732)	(467,276)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>425,219</b>	<b>174,842</b>	<b>600,061</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	(82,263)	(95,966)	(178,229)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(82,263)</b>	<b>(95,966)</b>	<b>(178,229)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Intergovernmental	43,627	-	43,627
Proceeds from the Issuance of Bonds and Notes	309,000	104,350	413,350
Acquisition and Construction of Capital Assets	(325,870)	(243,272)	(569,142)
Principal Payments on Bonds and Notes	(73,300)	(31,700)	(105,000)
Interest Expense	(29,458)	(9,162)	(38,620)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(76,001)</b>	<b>(179,784)</b>	<b>(255,785)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	3,516	820	4,336
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>3,516</b>	<b>820</b>	<b>4,336</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>270,471</b>	<b>(100,088)</b>	<b>170,383</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,209,842</b>	<b>502,524</b>	<b>1,712,366</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,480,313</b>	<b>\$ 402,436</b>	<b>\$ 1,882,749</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:**

<b>Operating Income (Loss)</b>	\$ 331,336	\$ 62,559	\$ 393,895
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	125,135	47,687	172,822
Deferred (Outflows)/Inflows of Resources Related to Pensions	96,952	96,885	193,837
Deferred (Outflows)/Inflows of Resources Related to OPEB	6,289	15,075	21,364
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	15,623	(2,297)	13,326
Increase (Decrease) in Accrued Payroll	(16)	(1,979)	(1,995)
Increase (Decrease) in Compensated Absences	(381)	(1,220)	(1,601)
Increase (Decrease) in Net OPEB Liability	91	(12,941)	(12,850)
Increase (Decrease) in Net Pension Liability	(114,058)	(35,175)	(149,233)
Decrease (Increase) in Due From Others	-	15,528	15,528
Decrease (Increase) in User Charges	(35,752)	(9,280)	(45,032)
<b>Total Adjustments</b>	<b>93,883</b>	<b>112,283</b>	<b>206,166</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 425,219</b>	<b>\$ 174,842</b>	<b>\$ 600,061</b>

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

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

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 62,362	\$ 288,745
Investments	542,100	182,275	-
<b>Total Assets</b>	<b>542,100</b>	<b>244,637</b>	<b>288,745</b>
<b>LIABILITIES</b>			
Warrants Payable	-	-	616
Due to Students Groups	-	-	95,600
Escrows and Deposits	-	-	192,529
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>288,745</b>
<b>NET POSITION</b>			
Held in Trust for Scholarships and Other Purposes	\$ 542,100	\$ 244,637	\$ -

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

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

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 989,238	\$ -
Private Donations	-	500
Investment Income	17,224	(866)
<b>Total Additions</b>	<b>1,006,462</b>	<b>(366)</b>
<b>Deductions:</b>		
Educational Scholarships	-	6,575
Employee Benefits and Insurance	815,878	-
<b>Total Deductions</b>	<b>815,878</b>	<b>6,575</b>
<b>Change in Net Position</b>	<b>190,584</b>	<b>(6,941)</b>
<b>Net Position at Beginning of Year</b>	<b>351,516</b>	<b>251,578</b>
<b>Net Position at End of Year</b>	<b>\$ 542,100</b>	<b>\$ 244,637</b>

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

**TOWN OF WARE, 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 Ware, 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 Town accounting policies are described herein.

**A. Reporting Entity**

The Town was incorporated in 1775 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five-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 board and/or committee members of the Ware Housing Authority, Pathfinder Regional Vocational Technical High School District and Quabbin Health District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing members of the board. Audited financial statements are available from the respective organizations. A description of the related organizations follows:

**Ware 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.

**Pathfinder Regional Vocational Technical High School District** - A regional school district made up of eight communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects one district committee member for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Quabbin Health District** - A regional health department made up of three communities to provide the communities with full time professional staff and public health services. The health district is a separate entity. The district is responsible for the operating costs related to the district and operates independently from the Town.

**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 and its component units. 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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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. 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 government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

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.

Proprietary and fiduciary funds are reported by fund type.

**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. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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, excises 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 fund:

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

The Town reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water fund* is used to account for the water activities.

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.

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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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 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 *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

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

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.

#### **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).

Investment income from proprietary funds is maintained in those funds.

#### **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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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.

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 the fiscal year 2018 on June 26, 2017 that were due on August 1, 2017 and November 1, 2017 and actual bills on December 28, 2017 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	\$ 14,537,902
Add: Debt Exclusion	216,919
Maximum Allowable Levy	<u>\$ 14,754,821</u>

The total amount raised by taxation was \$14,750,724.



**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

**Excise Taxes**

Excise taxes consist of motor vehicle excise, boat excise and farm animal excise taxes.

Motor vehicle and boat excise taxes are assessed annually for each vehicle and vessel 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 Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

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

**User Charges**

User charges and fees consist of water and sewer services and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges 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**

Under governmental activities, the departmental receivables consist of ambulance, Community Development office commercial loans to businesses and police-off duty details. Under business-type activities, the departmental receivables consist of reimbursements due to overpayment to Town vendors.

The allowance for uncollectibles for ambulance is estimated and based on historical trends and specific account analysis. The other receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type 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 \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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:

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	20-40
Machinery, equipment and other	3-10
Infrastructure	20-50

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

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 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 items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

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 items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**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; departmental receipts and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Net Position and Fund Balances**

In the Government-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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

*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.

*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 is reported as liabilities in the government-wide and proprietary fund 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. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave which is (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 Hampshire County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. 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 share of insurance premiums at various percentages for retirees, spouses and surviving spouses in the general fund in the fiscal year paid. The cost of providing health insurance is recognized in the general fund in the fiscal year paid.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**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.

**2. 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:

- Estimates are submitted by departments in accordance with Massachusetts general Laws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide 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 \$1,007,885 for the General Fund.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

Unassigned fund balance:	
Free cash votes	\$ 795,860
Overlay surplus	172,000
Reserved for deficits	(166,466)
Prior year's encumbrances	206,491
	\$ 1,007,885

**B. Deficit Fund Balances**

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

- The *Department of Public Works equipment fund*, a capital project, has a deficit of \$207,090. The Town has a bond anticipation note outstanding of \$208,000 for the vehicles and equipment. The deficit will be eliminated upon the issuance of permanent debt.
- The *Old Poor Farm Road culvert fund*, a capital project, has a deficit of \$315,168. The Town has a bond anticipation note outstanding of \$316,000 for the project. The deficit will be eliminated upon the issuance of permanent debt.
- The *School grant funds*, special revenue accounts, have deficits totaling \$4,751. These deficits will be eliminated upon additional receipts or upon appropriation.
- The *Job access and commute grant fund*, a special revenue account, has a deficit of \$22,214. The deficit will be eliminated upon additional receipts or upon appropriation.

**3. 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 Town does not have a deposit policy for custodial credit risk. Deposits at June 30, 2018 were \$9,046,961. 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 WARE, 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:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>	
		<b>Less Than 1</b>	<b>1 to 5</b>
<b>Debt Securities:</b>			
U. S. treasury obligations	\$ 192,061	\$ 152,363	\$ 39,698
U. S. government agencies	229,993	-	229,993
Bond mutual funds	225,349	-	225,349
Corporate bonds	199,832	25,052	174,780
Money market mutual fund	26,362	26,362	-
	<u>873,597</u>	<u>\$ 203,777</u>	<u>\$ 669,820</u>
<b>Other Investments:</b>			
Certificates of deposits	177,299		
Equity mutual funds	313,990		
Equity securities - domestic	139,302		
MMDT	6,538		
	<u>\$ 1,510,726</u>		

**Custodial Credit Risks - Investments**

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 \$1,510,726 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 - Investments**

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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Credit Risk - Investments**

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

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 192,061
<b>U. S. Government Agencies:</b>	
Aaa	229,993
<b>Corporate Bonds:</b>	
A2	67,031
A3	63,457
Baa2	69,344
<b>Bond Mutual Funds:</b>	
Not rated	225,349
<b>Money Market Mutual Funds:</b>	
Not rated	26,362
	\$ 873,597

**Concentration of Credit Risk - Investments**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Corp amounting to 15.22% of the Town's total investments.

**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.



**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

Investment Type	Fair Value	Fair Value Measurements		
		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. treasury obligations	\$ 192,061	\$ 192,061	\$ -	\$ -
U. S. government agencies	229,993	229,993	-	-
Certificates of deposit	177,299	177,299	-	-
Equity mutual funds	313,990	313,990	-	-
Equity securities - domestic	139,302	139,302	-	-
Money market mutual fund	26,362	26,362	-	-
Bond mutual funds	225,349	-	225,349	-
Corporate bonds	199,832	-	199,832	-
<b>Total Investments</b>	<b>1,504,188</b>	<b>\$ 1,079,007</b>	<b>\$ 425,181</b>	<b>\$ -</b>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	6,538			
<b>Total Investments</b>	<b>\$ 1,510,726</b>			

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.

**Cash in Custody of Others**

Cash in custody of others are Small Cities grant funds that are in the custody of the Pioneer Valley Planning Commission.

**B. Receivables**

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 765,273	\$ (1,281)	\$ 763,992
Tax liens	456,118	-	456,118
Excise taxes	208,765	(38,209)	170,556
Departmental	358,297	(20,789)	337,508
Due from other governments	2,228,926	-	2,228,926
	<b>\$ 4,017,379</b>	<b>\$ (60,279)</b>	<b>\$ 3,957,100</b>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

At June 30, 2018, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 98,455	\$ (500)	\$ 97,955
Tax liens	23,537	-	23,537
<b>Water Fund:</b>			
User charges	127,092	(500)	126,592
Tax liens	25,121	-	25,121
	<b>\$ 274,205</b>	<b>\$ (1,000)</b>	<b>\$ 273,205</b>

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

<b>General Fund:</b>		
<b>Commonwealth of Massachusetts:</b>		
Department of Veterans Services:		
Veterans benefits	\$ 268,217	
Massachusetts School Building Authority:		
School Building Assistance - Capital Portion	763,218	\$ 1,031,435
<b>Nonmajor Governmental Funds:</b>		
<b>U. S. Department of Agriculture:</b>		
School lunch	63,303	
<b>U. S. Department of Education:</b>		
School title grants	34,292	
<b>U.S. Department of Health and Human Services</b>		
	27,458	
<b>U.S. Department of Justice:</b>		
Cops Grant	17,211	
<b>Commonwealth of Massachusetts:</b>		
Department of Elder Affairs	7,361	
Department of Elementary & Secondary Education:		
School lunch	1,171	
Special education reimbursement fund	129,834	
Department of Mental Health	511	
Department of Revenue	25,016	
Executive Office of Environmental Affairs	7,000	
Executive Office of Public Safety and Homeland Security		
Public Safety Grants	6,257	
Massachusetts Department of Transportation:		
Highway Department - Chapter 90 funded projects	841,741	
<b>Other</b>	36,336	1,197,491
	<b>\$</b>	<b>2,228,926</b>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

The government-wide financial statements statement of net position also includes an additional due from other governments for the Massachusetts Clean Water Trust subsidy. The current balance is \$15,357 and is amortized until fiscal year 2019.

**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:

<b>General Fund:</b>			
Property taxes	\$	564,992	
Tax liens		456,118	
Excise taxes		170,556	
Due from other governments		988,728	\$ 2,180,394
<b>Nonmajor governmental funds:</b>			
Departmental		192,643	
Due from other governments		718,205	910,848
			\$ 3,091,242

**D. Capital Assets**

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2018, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 2,707,652	\$ -	\$ -	\$ 2,707,652
Construction in progress	17,016	910,688	(893,454)	34,250
Total capital assets not being depreciated	2,724,668	910,688	(893,454)	2,741,902
Capital assets being depreciated:				
Buildings and Renovations	31,511,701	212,792	-	31,724,493
Machinery, equipment and other	6,226,051	151,966	(222,204)	6,155,813
Infrastructure	7,760,060	893,454	-	8,653,514
Total capital assets being depreciated	45,497,812	1,258,212	(222,204)	46,533,820
Less accumulated depreciation for:				
Buildings and Renovations	16,872,105	1,109,093	-	17,981,198
Machinery, equipment and other	3,782,795	362,210	(222,204)	3,922,801
Infrastructure	2,565,625	236,513	-	2,802,138
Total accumulated depreciation	23,220,525	1,707,816	(222,204)	24,706,137
Total capital assets being depreciated, net	22,277,287	(449,604)	-	21,827,683
Total governmental activities capital assets, net	\$ 25,001,955	\$ 461,084	\$ (893,454)	\$ 24,569,585

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 393,400	\$ -	\$ -	\$ 393,400
Construction in Progress	-	408,660	-	408,660
Total capital assets not being depreciated	393,400	408,660	-	802,060
Capital assets being depreciated:				
Buildings and renovations	161,710	115,811	-	277,521
Machinery, equipment and other	130,200	44,672	(33,099)	141,773
Infrastructure	5,562,999	-	-	5,562,999
Total capital assets being depreciated	5,854,909	160,483	(33,099)	5,982,293
Less accumulated depreciation for:				
Buildings and renovations	27,309	14,647	-	41,956
Machinery, equipment and other	102,344	21,038	(33,099)	90,283
Infrastructure	1,539,659	137,138	-	1,676,797
Total accumulated depreciation	1,669,312	172,823	(33,099)	1,809,036
Total capital assets being depreciated, net	4,185,597	(12,340)	-	4,173,257
Total business-type activities capital assets, net	\$ 4,578,997	\$ 396,320	\$ -	\$ 4,975,317

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 12,073
Public safety	381,728
Public works	303,037
Education	842,356
Health and human services	95,391
Culture and recreation	73,231
Total depreciation expense - governmental activities	<u>\$ 1,707,816</u>

**Business-Type Activities:**

Sewer fund	\$ 43,965
Water fund	128,858
Total depreciation expense - business-type activities	<u>\$ 172,823</u>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**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	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 120,127	\$ 32,212	\$ 152,339
Nonmajor governmental funds	663,398	-	-	663,398
Business-type fund	210,441	-	-	210,441
<b>Total transfers out</b>	<b>\$ 873,839</b>	<b>\$ 120,127</b>	<b>\$ 32,212</b>	<b>\$ 1,026,178</b>

**F. Leases**

The Town has entered into lease agreements as lessee for financing an Emergency Medical Services vehicle. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

Asset:	<b>Governmental Activities</b>
Machinery, Equipment and Other	\$ 248,595
Less: Accumulated Depreciation	(74,579)
<b>Total</b>	<b>\$ 174,016</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending June 30,	<b>Governmental Activities</b>
2019	\$ 35,625
2020	35,625
2021	35,625
2022	35,625
2023	35,625
2024-2025	35,624
Total minimum lease payments	213,749
Less: amount representing interest	(21,972)
<b>Present value of minimum lease payments</b>	<b>\$ 191,777</b>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**G. 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 and business-type funds are as follows:

<b>Governmental Activities</b>						
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
<b>Bond Anticipation Notes:</b>						
October 2011 snow storm	1.05%	12/21/2017	\$ 35,000	\$ -	\$ 35,000	\$ -
Old Farm Road culvert	1.25%	6/29/2018	19,685	-	19,685	-
Highway truck	1.25%	6/29/2018	207,365	-	207,365	-
Old Farm Road culvert	2.10%	6/20/2019	-	316,000	-	316,000
Highway truck	2.10%	6/20/2019	-	208,000	-	208,000
<b>State Anticipation Notes:</b>						
Highway - Chapter 90	1.19%	10/6/2017	175,000	-	175,000	-
Highway - Chapter 90			-	255,000	-	255,000
Total Governmental Activities			<u>\$ 437,050</u>	<u>\$ 779,000</u>	<u>\$ 437,050</u>	<u>\$ 779,000</u>

<b>Business-Type Activities:</b>						
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
<b>Bond Anticipation Notes:</b>						
<b>Sewer Fund:</b>						
Inflow and Infiltration Study	1.25%	6/29/2018	\$ 27,950	\$ -	\$ 27,950	\$ -
Inflow and Infiltration Study	2.10%	6/20/2019	-	132,300	-	132,300
<b>Water Fund:</b>						
<b>Bond Anticipation Notes:</b>						
Water Treatment Plant	2.10%	6/20/2019	-	309,000	-	309,000
Total Business-Type Activities			<u>\$ 27,950</u>	<u>\$ 441,300</u>	<u>\$ 27,950</u>	<u>\$ 441,300</u>

**H. 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 both governmental and business-type activities.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2018</b>
<b>Inside Debt:</b>					
Municipal Purpose Loan of 2008:					
Departmental Equipment	3.66%	3/15/2008	3/15/2022	\$ 980,000	\$ 225,000
Veteran's Park	3.68%	3/15/2008	3/15/2022	185,000	40,000
Town Hall Boiler Replacement	3.74%	3/15/2008	3/15/2025	87,000	35,000
Senior Center	3.78%	3/15/2008	3/15/2027	852,000	400,000
Municipal Purpose Loan of 2014:					
Fire Station	2.0-3.0%	5/15/2014	5/15/2034	987,000	850,000
Parking Lot	2.0-3.0%	5/15/2014	5/15/2024	100,000	60,000
Street Sweeper	2.0-3.0%	5/15/2014	5/15/2024	100,000	60,000
Municipal Purpose State House of 2014:					
Police Station	1.00%	5/23/2014	9/1/2019	155,017	48,000
Town Hall Windows	1.00%	5/23/2014	9/1/2018	24,326	7,100
Police Station Windows	1.00%	5/23/2014	9/1/2018	20,000	5,000
Town Hall Roof	1.00%	5/23/2014	9/1/2018	30,000	8,000
Police Vehicle	1.00%	5/23/2014	9/1/2018	40,000	5,000
Highway Chipper	1.00%	5/23/2014	9/1/2018	44,618	5,000
Grenville Park Bandstand	1.00%	5/23/2014	9/1/2018	25,000	5,000
Municipal Purpose Loan of 2017:					
Fire Truck	2.60%	4/13/2017	4/1/2035	480,000	450,000
Highway Mowers	2.60%	4/13/2017	4/1/2030	192,000	170,000
Highway Vehicles	2.60%	4/13/2017	4/1/2030	243,000	215,000
School Carpets	2.60%	4/13/2017	4/1/2022	128,000	100,000
<b>Massachusetts Clean Water Trust:</b>					
Landfill Capping	N/A	12/9/1998	8/1/2018	906,800	59,100
Total Inside Debt					<u>2,747,200</u>
<b>Outside Debt:</b>					
School Building Refunding	3.77%	12/15/2005	9/1/2018	8,640,000	905,000
Municipal Purpose Loan of 2014:					
Landfill Capping	2.0-3.0%	5/15/2014	5/15/2034	270,000	210,000
Municipal Purpose Loan of 2017:					
Landfill Capping	2.60%	4/13/2017	4/1/2027	50,000	45,000
Total Outside Debt					<u>1,160,000</u>
Total governmental type debt					<u>\$ 3,907,200</u>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Future Debt Service**

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

Year	Principal	Interest	Total
2019	\$ 1,343,200	\$ 113,016	\$ 1,456,216
2020	344,000	82,178	426,178
2021	320,000	71,261	391,261
2022	260,000	59,688	319,688
2023	210,000	51,238	261,238
2024-2028	855,000	166,212	1,021,212
2029-2033	465,000	60,475	525,475
2034-2036	110,000	4,388	114,388
	<u>\$ 3,907,200</u>	<u>\$ 608,456</u>	<u>\$ 4,515,656</u>

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2018
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 2008: Sewer lines repairs	3.80%	3/15/2008	3/15/2028	\$ 33,600	\$ 17,000
Municipal Purpose Loan of 2014: Wastewater Treatment Plant	2.0-3.0%	5/15/2014	5/15/2034	293,000	<u>225,000</u>
Total Inside Debt					<u>242,000</u>
<b>Outside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 2014: Wastewater Treatment Plant	2.0-3.0%	5/15/2014	5/15/2026	100,000	60,000
<b>Water Fund:</b>					
Municipal Purpose Loan of 2008: Water control facility	3.80%	3/15/2008	3/15/2028	831,000	435,000
Water line repairs	3.80%	3/15/2008	3/15/2028	167,000	83,000
Municipal Purpose Loan of 2017: Water mains	2.60%	4/13/2017	4/1/2027	220,000	<u>195,000</u>
Total Outside Debt					<u>773,000</u>
Total business-type debt					<u>\$ 1,015,000</u>



**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Future Debt Service**

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

Year	Principal	Interest	Total
2019	\$ 110,000	\$ 35,105	\$ 145,105
2020	115,000	31,143	146,143
2021	115,000	27,380	142,380
2022	110,000	23,267	133,267
2023	100,000	19,678	119,678
2024-2028	450,000	47,875	497,875
2029-2032	15,000	450	15,450
	<u>\$ 1,015,000</u>	<u>\$ 184,898</u>	<u>\$ 1,199,898</u>

A summary of the changes in governmental activities long term debt during the year is as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 5,163,100	\$ -	\$ 1,315,000	\$ 3,848,100	\$ 1,284,100
Massachusetts Clean Water Trust bonds	116,500	-	57,400	59,100	59,100
<b>Capital lease</b>	248,792	-	57,015	191,777	29,507
<b>Compensated absences</b>	480,246	17,925	15,073	483,098	84,534
<b>OPEB Obligation payable</b>	22,918,844	-	37,075	22,881,769	-
<b>Net pension liability</b>	17,271,643	-	2,636,884	14,634,759	-
Governmental activity Long-term liabilities	<u>\$ 46,199,125</u>	<u>\$ 17,925</u>	<u>\$ 4,118,447</u>	<u>\$ 42,098,603</u>	<u>\$ 1,457,241</u>
<b>Business type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 1,120,000	\$ -	\$ 105,000	\$ 1,015,000	\$ 110,000
<b>Compensated absences</b>	8,556	-	1,601	6,955	2,213
<b>OPEB Obligation payable</b>	727,234	-	12,850	714,384	-
<b>Net pension liability</b>	1,260,579	-	149,233	1,111,346	-
Business-type activity Long-term liabilities	<u>\$ 3,116,369</u>	<u>\$ -</u>	<u>\$ 268,684</u>	<u>\$ 2,847,685</u>	<u>\$ 112,213</u>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Massachusetts Clean Water Trust (MCWT)**

The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$906,800 and interest costs of \$492,183 on one loan which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2018 for principal and interest combined for the loan is \$121,001. The net repayments, including interest, are scheduled to be \$60,578. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2018 principal and interest subsidies totaled \$18,285.

**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 \$2,989,200.

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)		\$ 757,553,700
		37,877,685
Debt Limit: 5 % of Equalized value		
Total Debt Outstanding	\$ 4,922,200	
Less: Debt Outside Debt Limit	(1,933,000)	2,989,200
 Inside Debt Excess Borrowing Capacity at June 30, 2018		 \$ 34,888,485

**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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

Loan authorizations that have not been issued as of June 30, 2018 and are not reflected in the Town's financial statements are as follows:

<b>Date Town Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
5/9/2011	Disinfection upgrade at the wastewater treatment plant	\$ 80,000
8/12/2012	Wastewater Treatment Plant improvements	707,000
11/19/2012	WWTP repair of disinfection system	20,000
5/13/2013	Road repairs in anticipation of Chapter 90 receipts	91,657
5/11/2015	Road repairs in anticipation of Chapter 90 receipts	259,839
11/16/2015	Purchase Highway vehicle	22,000
11/16/2015	Architectural study for High School roof repair	25,000
5/9/2016	Road repairs in anticipation of Chapter 90 receipts	179,839
5/8/2017	Road repairs in anticipation of Chapter 90 receipts	429,035
11/14/2016	Replace Old Poor Farm Road culvert	84,000
11/14/2016	WWTP inflow and infiltration study	67,700
11/14/2016	Purchase Highway vehicle	2,000
5/8/2017	Design and construct an Iron and Manganese Removal plant	5,691,000
5/8/2017	Land acquisition for water supply protection	130,000
11/13/2017	Purchase an Ambulance	350,000
11/13/2017	WWTP inflow and infiltration study, Phase II	120,000
5/14/2018	Road repairs in anticipation of Chapter 90 receipts	428,549
		<u><u>\$ 8,687,619</u></u>

**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.

	<b>Current Year's Long Term Debt</b>	<b>Town's Estimated Share</b>	<b>Town's Estimated Indirect Debt</b>
Pathfinder Vocational Technical Regional School District: School Roof	\$ 403,830	15.11%	<u><u>\$ 61,019</u></u>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**I. Fund Balances**

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>			
Permanent funds	\$ -	\$ 153,488	\$ 153,488
<b>Restricted:</b>			
Federal, state and local grants	-	465,211	465,211
School Revolving funds	-	1,043,389	1,043,389
Town Revolving funds	-	45,007	45,007
Donations and gifts	-	140,871	140,871
Insurance reimbursements	-	5,535	5,535
Capital projects	-	105,877	105,877
Permanent funds	-	126,121	126,121
Other	-	45,547	45,547
	-	1,977,558	1,977,558
<b>Committed:</b>			
Ambulance fund	-	216,130	216,130
Compensated absences reserve	-	98,150	98,150
	-	314,280	314,280
<b>Assigned:</b>			
General government	79,177	-	79,177
Public safety	45,722	-	45,722
Public works	11,221	-	11,221
Education	9,647	-	9,647
Health and human services	12,127	-	12,127
Culture and recreation	5,673	-	5,673
Employee benefits and insurance	1,848	-	1,848
Subsequent year's budget	646,500	-	646,500
	811,915	-	811,915
<b>Unassigned:</b>			
General Fund	2,344,173	-	2,344,173
Deficit special revenue fund	-	(26,965)	(26,965)
Deficit capital projects	-	(522,258)	(522,258)
	2,344,173	(549,223)	1,794,950
<b>Total Governmental fund balances</b>	<b>\$ 3,156,088</b>	<b>\$ 1,896,103</b>	<b>\$ 5,052,191</b>

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**J. 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	\$	444,243
Capital stabilization fund		388,875
		<hr/>
	\$	833,118
		<hr/> <hr/>

**4. 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 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 WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**D. Tax Abatements**

The Town enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town of Ware. The Town of Ware, as of June 30, 2018, abated property taxes amounting to \$5,652 under one tax abatement agreement. The Town has not made any commitments as part of the agreements other than to reduce taxes.

**E. Pension Plan**

**Plan Description**

The Town is a member of the Hampshire County Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Hampshire County Retirement Board (the 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 except for current and retired teachers. 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 99 Industrial Drive, Northampton, Massachusetts 01060.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense contributed by the Commonwealth of \$2,519,882 on-behalf payments for the fiscal year ending June 30, 2018 is reported as intergovernmental on-behalf payments in the revenue and employee benefits and insurance expenditures in the General Fund as of the measurement date.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible 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. 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% based upon their membership date of gross regular compensation 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 system-wide 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 \$1,808,411, representing 27.79% 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.

**Pension Liability**

As of June 30, 2018, the Town reported a liability of \$15,746,105 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, 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 8.48%, which was a slight increase from the last measurement.

**Pension Expense**

For the year ended June 30, 2018, the Town recognized a pension expense of \$1,837,849 and reported deferred outflows of resources related to pensions of \$1,936,039 from the net difference between projected and actual investment earnings on pension plan investment, changes in assumption and from the changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$2,785,436 from the from the difference between projected and actual experience, the net difference between projected and actual investment earnings on pension plan investment, changes in assumption and from the changes in proportion and differences between employer contributions and proportionate share of contributions.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

<b>For years ended June 30,</b>	
<b>2019</b>	\$ 195,452
<b>2020</b>	60,900
<b>2021</b>	(327,310)
<b>2022</b>	(528,322)
<b>2023</b>	(139,730)
<b>Thereafter:</b>	<u>(110,387)</u>
	<u><u>\$ (849,397)</u></u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	increasing dollar amount by 4.00%
Remaining amortization period	16 years
Asset valuation method	Based on a five-year smoothing method. Investment gains or losses above or below the expected rate of investment return are recognized over 5 years, 20% per year. The actuarial value of assets must be no more than 110% of the market value of assets and no less than 90% of the market value of assets.
Investment rate of return	7.45% per year
Projected salary increases	4.25% per year (Group 1) and 4.75% per year (Group 2)
Inflation	3.00% per year
Cost of living adjustments	3.00% of \$13,000 per year.
Mortality rates	RP-2000 mortality table with Generational Mortality, projected with Scale BB with a base year of 2009. For members retired under Accidental Disability (job-related), 40% of deaths are assumed to be from the same cause as the disability. For disabled retirees, projected with a base year of 2012.

**Long-term Expected Real Rate of Return**

The long-term expected real rate of return reflects the expected rate of return on plan assets minus the expected rate of inflation. Note that the discount rate includes the effect on inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The allocation percentages are based on information provided by the System and NEPC. The real rates of return are based on 30-year return estimates adjusted using a 2.75% inflation assumption.



**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	20.5%	4.82%
International Equities	16.5%	5.00%
Emerging Markets Equity	8.0%	6.50%
Domestic Fixed Income	10.0%	1.00%
Emerging Fixed Income	6.0%	3.75%
Global Fixed Income	3.0%	-0.25%
Opportunistic Fixed Income	9.0%	2.75%
Private Debt	3.0%	4.75%
Private Equity	10.0%	6.75%
Real Estate (Core)	12.0%	3.75%
Cash	2.0%	0.00%
Total	<u>100.0%</u>	

**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 15.77%. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. The money-weighted return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45%. 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 of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**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 7.45%. 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Town's net pension liability	\$ 20,673,565	\$ 15,746,105	\$ 11,595,470

**F. 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 as described on the following footnote, 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. As of the actuarial valuation date there are approximately 461 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

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 Bartholomew Commonwealth Financial investments described earlier under Investment Policies (refer to note 3A).

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2018 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$815,878. The Town also made a contribution to an OPEB Trust of \$173,360 for a total contribution during the measurement period of \$989,238 to be reported on the financial statement for the fiscal year ending June 30, 2018. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2018, the trust balance is \$542,100.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Measurement Date**

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. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

**Plan Membership:**

Current active members	261
Current retirees, beneficiaries and dependents	200
Total	461

**Net OPEB Liability**

The Town's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability are as follows:

	<b>6/30/2018</b>
Total OPEB liability	\$ 24,138,253
Less: Plan fiduciary net position	(542,100)
Town's Net OPEB liability	\$ 23,596,153
Plan fiduciary net position as a percentage of the total OPEB liability	2.2%

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2018:

Valuation date	July 1, 2016
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, June 30, 2018.
Investment rate of return	6.66%, net of OPEB plan investment expense, including inflation.
Inflation	2.75% as of June 30, 2018 and for future periods.
Single Equivalent Discount rate	4.50%, net of OPEB plan investment expense, including inflation.
Healthcare trend	5.00% annually
Projected salary increases	3.00% annually as of June 30, 2018 and for future periods.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

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

The actuarial assumptions used the July 1, 2016 actuarial valuation and market value of assets as of the measurement date of June 30, 2018 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index is 3.45%.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the Town's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Large Capital	17.00%	4.00%
Domestic Equity - Small/Mid Capital	9.00%	6.00%
International Equity - Developed Market	9.00%	4.50%
International Equity - Emerging Market	5.00%	7.00%
Domestic Fixed Income	32.00%	2.00%
International Fixed Income	8.00%	3.00%
Alternatives	20.00%	6.50%
Real Estate	0.00%	6.25%
Cash	0.00%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		4.16%
II. Add: Inflation Assumption		<u>2.75%</u>
III. Total Nominal Return (I. + II.)		6.91%
IV. Investment Expense		<u>-0.25%</u>
V. Net investment Return (III.-IV.)		<u>6.66%</u>

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 4.71%.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2017	\$ 23,997,594	\$ 351,516	\$ 23,646,078
Service cost	743,021	-	743,021
Interest on Total OPEB Liability	1,095,173	-	1,095,173
Changes in benefit terms *	-	-	-
Changes in assumptions **	(881,657)	-	(881,657)
Difference between actual and expected experience **	-	-	-
Net investment income	-	17,224	(17,224)
Employer contributions to Trust	-	989,238	(989,238)
Total benefit payments including implicit cost	(815,878)	(815,878)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net change in total OPEB liability	140,659	190,584	(49,925)
Balances at June 30, 2018	\$ 24,138,253	\$ 542,100	\$ 23,596,153

\* = Recognized immediately

\*\* = Amortized over 5.7 years

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.50%. 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.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
	Town's net OPEB liability	\$ 27,634,235	\$ 23,596,153

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2018**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Town's net OPEB liability	\$ 17,702,033	\$ 23,596,153	\$ 31,200,673

**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 recognized an OPEB expense of \$1,656,800 and reported deferred outflows of resources related to OPEB of \$9,494 and deferred inflows of resources related to OPEB of \$726,981.

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

For years ended June 30,	
<b>2019</b>	\$ (152,303)
<b>2020</b>	(152,303)
<b>2021</b>	(152,303)
<b>2022</b>	(152,301)
<b>2023</b>	(108,277)
<b>Thereafter:</b>	-
	\$ (717,487)

**G. 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.

**TOWN OF WARE, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 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.

**H. 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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, 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.

**5. RESTATEMENT**

The net position as of June 30, 2018 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$9,148,638 in governmental activities to reflect the changes in the other post employment (OPEB) liability. Accordingly, the previously reported net position of \$1,637,155 has been revised to (\$7,511,483); (\$11,007,812) for governmental activities and \$3,496,329 for business-type activities.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF WARE, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Hampshire County 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)	8.48%	8.43%	8.30%	8.58%
Town's proportionate share of the net pension liability (asset)	\$ 15,746,105	\$ 18,532,222	\$ 17,242,205	\$ 16,009,733
Town's covered employee payroll	\$ 6,508,174	\$ 6,679,940	\$ 7,058,713	\$ 6,620,284
Net pension liability percentage of covered-employee payroll	241.9%	277.4%	244.27%	241.83%
Plan fiduciary net position as a percentage of the total pension liability	63.12%	55.60%	55.3%	58.1%

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 WARE, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Hampshire County 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	\$ 1,808,411	\$ 1,660,342	\$ 1,546,510	\$ 1,498,054
Less: Contributions in relation to the actuarially determined contribution	<u>(1,808,411)</u>	<u>(1,660,342)</u>	<u>(1,546,510)</u>	<u>(1,498,054)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 6,508,174	\$ 6,679,940	\$ 7,058,713	\$ 6,620,284
Contributions percentage of covered-employee payroll	27.79%	24.86%	21.91%	22.63%

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 WARE, 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:**

	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 743,021	\$ 744,842
Interest on Total OPEB liability	1,095,173	994,420
Changes in Benefit terms	-	-
Changes in Assumptions	-	-
Difference between actual and expected experience	(881,657)	-
Benefit payments, including implicit cost	(815,878)	(781,746)
Administrative expense	-	-
Net change in total OPEB liability	<u>140,659</u>	<u>957,516</u>
Total OPEB liability-beginning	<u>23,997,594</u>	<u>23,040,078</u>
<b>Total OPEB liability-ending (a)</b>	<b><u>\$ 24,138,253</u></b>	<b><u>\$ 23,997,594</u></b>
 <b>Plan fiduciary net position</b>		
Net investment income	\$ 17,224	\$ 16,115
Employer contributions to Trust	989,238	895,996
Benefit payments, including refunds of member contributions	<u>(815,878)</u>	<u>(781,746)</u>
Net change in plan fiduciary net position	190,584	130,365
Total fiduciary net position-beginning	<u>351,516</u>	<u>221,151</u>
<b>Total fiduciary net position-ending (b)</b>	<b><u>\$ 542,100</u></b>	<b><u>\$ 351,516</u></b>
 <b>Town's net OPEB liability (a-b)</b>	<b><u><u>\$ 23,596,153</u></u></b>	<b><u><u>\$ 23,646,078</u></u></b>

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 WARE, MASSACHUSETTS  
Required Supplementary Information  
Other Post Employment Benefit Plan Schedules  
For the Year Ended June 30, 2018**

**Schedule of Net OPEB Liability:**

	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 24,138,253	\$ 23,997,594
Less: Plan fiduciary net position	(542,100)	(351,516)
Town's Net OPEB liability	<u>\$ 23,596,153</u>	<u>\$ 23,646,078</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.25%	1.46%
Town's share of covered employee payroll	\$ 14,162,328	\$ 13,391,060
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	166.61%	176.58%

**Schedule of Contributions:**

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 2,129,245	\$ 2,049,403
Less: Contributions in relation to the actuarially determined contribution	(989,238)	(895,996)
Contribution deficiency (excess)	<u>\$ 1,140,007</u>	<u>\$ 1,153,407</u>
Town's share of covered employee payroll	\$ 14,162,328	\$ 13,391,060
Contributions percentage of covered-employee payroll	6.98%	6.69%
Annual money-weighted rate of return net of investment expense	4.71%	7.00%

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 WARE, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Funding Progress:**

<b>Reporting Date</b>	<b>Other Post Employment Benefits</b>					
	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>
6/30/2018	\$ 542,100	\$ 24,138,253	\$ 23,596,153	2.2%	\$ 14,162,328	166.6%
6/30/2017	\$ 351,516	\$ 23,997,594	\$ 23,646,078	1.5%	\$ 13,391,060	176.6%

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

	Fund Balances				Other Financing	Fund Balances
	July 1, 2017	Revenues	Expenditures		Sources (Uses)	June 30, 2018
<b>Special Revenue:</b>						
<b>Federal and State Grants:</b>						
School Grants	\$ 23,656	\$ 707,112	\$ 732,221	\$	(3,298)	\$ (4,751)
Arts Lottery Council Grant	2,715	5,400	5,944		-	2,171
Community Development Block Grants	268,824	1,005,294	907,530		-	366,588
Council on Aging Grants	735	30,825	29,975		-	1,585
Disaster Damage Recovery	(35,000)	-	-		35,000	-
Green Communities Grant	-	169,535	165,105		-	4,430
Highway Grants	-	317,168	317,168		-	-
Job Access And Commute Grant	(7,538)	111,247	125,923		-	(22,214)
Library Grants	7,364	17,453	24,817		-	-
Other Grants and Programs	1,908	180,041	168,021		-	13,928
Public Safety Grants	69,170	315,007	341,372		-	42,805
Recreational Trails Grant	5,157	-	687		-	4,470
<b>Schools:</b>						
School Lunch Revolving	160,161	541,703	527,317		-	174,547
School Lunch Commodities	-	37,539	37,539		-	-
School Choice	508,861	232,833	118,914		-	622,780
School Revolving Accounts	216,086	132,080	102,104		-	246,062
State Special Education Reimbursement Fund	85,189	440,475	496,429		-	29,235
<b>Other:</b>						
Ambulance	186,400	684,968	-		(655,238)	216,130
Bulky Waste Revolving	-	-	-		10,000	10,000
Cemetery Revolving	5,480	9,609	7,690		-	7,399
Council on Aging Center Rental Revolving	4,229	405	99		-	4,535
Drug Forfeiture	3,630	1,967	4,160		-	1,437
Gifts and Donations	127,556	69,890	56,575		-	140,871
Insurance Reimbursements	5,535	-	-		-	5,535
Other Grants and Programs	910	400	400		-	910
Police Outside Duty	-	319,534	319,534		-	-
<b>Total Special Revenue Funds Page 71</b>	<b>\$ 1,641,028</b>	<b>\$ 5,330,485</b>	<b>\$ 4,489,524</b>	<b>\$</b>	<b>(613,536)</b>	<b>\$ 1,868,453</b>

**TOWN OF WARE, 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
<b>Continued From Page 71</b>	\$ 1,641,028	\$ 5,330,485	\$ 4,489,524	\$ (613,536)	\$ 1,868,453
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Recreation Revolving	10,000	33,475	29,740	(3,735)	10,000
Sale of Cemetery Lots	11,397	2,218	1,580	-	12,035
Sale of Property	60,722	-	57,450	-	3,272
School Rail Fund	2,798	-	-	-	2,798
Septic Repair Loan Repayments	24,018	2,355	13,300	-	13,073
Water/Sewer Development	5,712	8	-	-	5,720
Compensated Absences Reserve	44,816	(629)	20,037	74,000	98,150
Municipal Insurance Fund	5,882	(49)	-	-	5,833
<b>Total Special Revenue Funds</b>	<b>1,806,373</b>	<b>5,367,863</b>	<b>4,611,631</b>	<b>(543,271)</b>	<b>2,019,334</b>
<b>Capital Projects:</b>					
Department of Public Works equipment	(207,089)	-	-	-	(207,089)
Fire Station construction	39,585	-	-	-	39,585
Landfill capping	42,915	-	-	-	42,915
Old Poor Farm Road culvert	(11,427)	-	303,742	-	(315,169)
Parks equipment	317	-	-	-	317
Premium on Bonds	13,542	-	-	-	13,542
Road improvements	380	-	-	-	380
School flooring	2,238	-	32,154	35,000	5,084
School underground storage tank removal	5,806	-	-	-	5,806
Town Hall roof repairs	11,790	-	-	-	11,790
<b>Total Capital Projects</b>	<b>\$ (101,943)</b>	<b>\$ -</b>	<b>\$ 335,896</b>	<b>\$ 35,000</b>	<b>\$ (402,839)</b>



**TOWN OF WARE, 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
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	\$ 126,707	\$ 6,180	\$ -	\$ -	\$ 132,887
George L. Draper Fund	10,000	-	-	-	10,000
Susan Connell Fund	4,000	-	-	-	4,000
Josephine Wood Fund	4,101	-	-	-	4,101
Mary Packard Fund	2,000	-	-	-	2,000
Donald Sherman Fund	500	-	-	-	500
<b>Total Perpetual Permanent Funds</b>	<b>147,308</b>	<b>6,180</b>	<b>-</b>	<b>-</b>	<b>153,488</b>
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	19,526	(1,959)	4,292	-	13,275
George L. Draper Fund	191	(295)	-	-	(104)
Susan Connell Fund	349	(139)	-	-	210
Helen Handanian Fund	1,630	291	115	-	1,806
Reed Memorial Fund	17,670	5,500	5,435	-	17,735
Josephine Wood Fund	1,509	(47)	-	-	1,462
Mary Packard Fund	1,054	(25)	85	-	944
Donald Sherman Fund	791	(11)	-	-	780
Gilbert Grenville Park Fund	73,688	10,163	3,241	-	80,610
Reed Swimming Pool Fund	4,731	7,189	2,518	-	9,402
<b>Total Permanent Funds</b>	<b>121,139</b>	<b>20,667</b>	<b>15,686</b>	<b>-</b>	<b>126,120</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 1,972,877</b>	<b>\$ 5,394,710</b>	<b>\$ 4,963,213</b>	<b>\$ (508,271)</b>	<b>\$ 1,896,103</b>

**TOWN OF WARE, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL AND ROLLBACK 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
<b>Real Estate Taxes:</b>						
Levy of 2018	\$ -	\$ 14,310,070	\$ 70,837	\$ 13,678,844	\$ 560,389	\$ 561,802
Levy of 2017	425,197	-	96,014	171,578	157,605	156,148
Levy of 2016	93,530	-	21,883	59,160	12,487	12,487
Levy of 2015	6,351	-	-	3,594	2,757	642
Levy of 2014	1,038	-	-	-	1,038	1,038
	<u>526,116</u>	<u>14,310,070</u>	<u>188,734</u>	<u>13,913,176</u>	<u>734,276</u>	<u>732,117</u>
<b>Personal Property Taxes:</b>						
Levy of 2018	-	440,689	260	439,566	863	814
Levy of 2017	5,098	-	-	1,152	3,946	3,946
Levy of 2016	3,426	-	1,350	759	1,317	1,317
Levy of 2015	1,951	-	751	197	1,003	1,003
Levy of 2014	3,923	-	2,661	701	561	561
Prior Years	7,826	-	7,722	22	82	82
	<u>22,224</u>	<u>440,689</u>	<u>12,744</u>	<u>442,397</u>	<u>7,772</u>	<u>7,723</u>
<b>Supplemental Taxes</b>	<u>2,878</u>	<u>13,183</u>	<u>-</u>	<u>6,050</u>	<u>10,011</u>	<u>10,011</u>
<b>Rollback Taxes</b>	<u>12,997</u>	<u>217</u>	<u>-</u>	<u>-</u>	<u>13,214</u>	<u>13,214</u>
<b>Total Real Estate, Personal Property, Supplemental and Rollback Taxes</b>	<u>\$ 564,215</u>	<u>\$ 14,764,159</u>	<u>\$ 201,478</u>	<u>\$ 14,361,623</u>	<u>\$ 765,273</u>	<u>\$ 763,065</u>

**TOWN OF WARE, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE, FARM ANIMAL AND BOAT EXCISE TAXES  
JULY 1, 2017 TO JUNE 30, 2018**

	<b>Uncollected Taxes July 1, 2017</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2018</b>	<b>Uncollected Taxes Per Detail June 30, 2018</b>
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2018	\$ -	\$ 1,004,787	\$ 17,071	\$ 866,476	\$ 121,240	\$ 119,640
Levy of 2017	125,618	103,571	14,269	180,839	34,081	34,081
Levy of 2016	33,299	-	276	19,479	13,544	13,544
Levy of 2015	10,934	-	23	1,313	9,598	9,598
Levy of 2014	7,106	-	-	768	6,338	6,338
Prior Years	24,273	756	-	3,282	21,747	21,747
	<u>201,230</u>	<u>1,109,114</u>	<u>31,639</u>	<u>1,072,157</u>	<u>206,548</u>	<u>204,948</u>
<b>Farm Animal Excise Taxes</b>	<u>2,556</u>	<u>-</u>	<u>775</u>	<u>-</u>	<u>1,781</u>	<u>1,781</u>
<b>Boat Excise Taxes</b>	<u>757</u>	<u>1,838</u>	<u>589</u>	<u>1,570</u>	<u>436</u>	<u>436</u>
<b>Total Motor Vehicle, Farm Animal and Boat Excise Taxes</b>	<u>\$ 204,543</u>	<u>\$ 1,110,952</u>	<u>\$ 33,003</u>	<u>\$ 1,073,727</u>	<u>\$ 208,765</u>	<u>\$ 207,165</u>

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

	<b>Uncollected Accounts July 1, 2017</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2018</b>	<b>Uncollected Accounts Per Detail June 30, 2018</b>
<b>Tax Liens</b>	\$ 396,151	\$ 145,932	\$ -	\$ 85,965	\$ 456,118	\$ 456,118