

TOWN OF WARE, MASSACHUSETTS

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

For the Year Ended June 30, 2019

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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, 2019, 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, 2019, 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 30, 2020, 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 30, 2020

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, 2019. 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 \$7,301,654 (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 \$7,209,187, a decrease of \$92,467 (1%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$4,728,971, a decrease of \$323,220 (6%) in comparison with prior year.
- The General Fund's total fund balance increased \$110,538 (4%) to \$3,266,626. 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 \$3,910,487 (8%) to \$44,721,579 during the fiscal year. This net change resulted mainly from an increase in the pension liability of \$2,389,569 and decreases in the Other Post Employment Benefits (OPEB) liability of \$5,628,116 and in the net bonds and leases payable of \$1,213,383.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$1,193,212. The key factors that attributed to the free cash amount for fiscal year 2019 were unexpended/unencumbered appropriations of \$161,900, excess over budget – State and local receipts of \$691,300 and prior year free cash not appropriated of \$499,200.
- The Town's enterprise funds certified free cash is as follows:
 - Sewer fund \$ 108,449.
 - Water Fund \$ 1,268,284.

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		
	2019	2018	Change
Assets:			
Current assets	\$ 10,643,418	\$ 11,288,907	\$ (645,489)
Capital assets	24,027,640	24,569,585	(541,945)
Total assets	34,671,058	35,858,492	(1,187,434)
Deferred Outflows of Resources	3,136,918	1,808,606	1,328,312
Liabilities:			
Current liabilities (excluding debt and leases)	2,741,939	2,467,486	274,453
Current debt including leases	1,205,349	2,151,707	(946,358)
Noncurrent liabilities (excluding debt and leases)	34,571,898	37,643,620	(3,071,722)
Noncurrent debt including leases	2,589,245	2,726,270	(137,025)
Total liabilities	41,108,431	44,989,083	(3,880,652)
Deferred Inflows of Resources	7,659,358	3,294,176	4,365,182
Net Position:			
Net investment in capital assets	20,233,046	20,725,183	(492,137)
Restricted	2,909,360	2,850,993	58,367
Unrestricted	(34,102,219)	(34,192,337)	90,118
Total net position	\$ (10,959,813)	\$ (10,616,161)	\$ (343,652)

	Business-Type Activities		
	2019	2018	Change
Assets:			
Current assets	\$ 2,439,791	\$ 2,155,954	\$ 283,837
Capital assets	4,991,628	4,975,317	16,311
Total assets	7,431,419	7,131,271	300,148
Deferred Outflows of Resources	225,824	136,927	88,897
Liabilities:			
Current liabilities (excluding debt)	137,989	84,739	53,250
Current debt	728,000	551,300	176,700
Noncurrent liabilities (excluding debt)	1,957,159	2,101,944	(144,785)
Noncurrent debt	790,000	905,000	(115,000)
Total liabilities	3,613,148	3,642,983	(29,835)
Deferred Inflows of Resources	385,936	218,241	167,695
Net Position:			
Net investment in capital assets	3,473,628	3,519,017	(45,389)
Restricted	76,003	81,156	(5,153)
Unrestricted	108,528	(193,199)	301,727
Total net position	\$ 3,658,159	\$ 3,406,974	\$ 251,185

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 1,791,137	\$ 1,842,970	\$ (51,833)
Operating grants and contributions	16,354,273	16,199,080	155,193
Capital grants and contributions	514,259	429,035	85,224
General Revenues:			
Property taxes	15,087,051	14,715,452	371,599
Motor vehicle excise and other taxes	1,235,164	1,199,720	35,444
Penalties and interest on taxes	126,016	79,477	46,539
Nonrestricted grants	2,216,436	2,153,461	62,975
Unrestricted investment income	65,509	15,081	50,428
Gain on Sale of Town Property	6,720	-	6,720
Miscellaneous	18,995	7,130	11,865
Total revenues	37,415,560	36,641,406	774,154
Expenses:			
General Government	1,421,200	1,497,684	(76,484)
Public Safety	4,141,650	4,085,646	56,004
Public Works	1,921,354	1,615,668	305,686
Education	18,053,017	17,443,105	609,912
Health and Human Services	1,990,986	1,099,132	891,854
Culture and Recreation	488,876	495,576	(6,700)
Employee Benefits and Insurance	8,617,385	9,215,983	(598,598)
State Assessments	1,184,447	1,099,360	85,087
Interest	123,430	153,482	(30,052)
Total expenses	37,942,345	36,705,636	1,236,709
Net (expenses) revenues	(526,785)	(64,230)	(462,555)
Contributions to permanent funds	200	6,180	(5,980)
Transfers	182,933	178,229	4,704
Change in net position	(343,652)	120,179	(463,831)
Net position - beginning of year	(10,616,161)	(10,736,340)	120,179
Net position - end of year	\$ (10,959,813)	\$ (10,616,161)	\$ (343,652)

	Business-Type Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 1,966,458	\$ 1,829,437	\$ 137,021
Operating grants and contributions	17,040	4,336	12,704
Total revenues	1,983,498	1,833,773	149,725
Expenses:			
Sewer	744,083	778,170	(34,087)
Water	805,297	695,257	110,040
Total expenses	1,549,380	1,473,427	75,953
Net (expenses) revenues	434,118	360,346	73,772
Transfers	(182,933)	(178,229)	(4,704)
Change in net position	251,185	182,117	69,068
Net position - beginning of year	3,406,974	3,224,857	182,117
Net position - end of year	\$ 3,658,159	\$ 3,406,974	\$ 251,185

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 \$7,301,654 at the close of fiscal year 2019.

Net position of \$23,706,674 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 \$2,985,363, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$33,993,691).

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 and 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 decreased by \$343,652 (3%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2019 are attributed to increases from the net changes in the debt and leases of \$1,103,383 in the OPEB liability of \$5,375,459 and in the deferred outflow/(inflow) of resources related to pensions of \$1,880,658; and decreases resulting from the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,791,451 and sale of capital assets of \$89,200 exceeding the acquisition of \$1,338,706 in new capital assets, and as a result of recognizing this year's change in the deferred outflow/(inflow) of resources related to OPEB of \$4,917,528 and pension liability of \$2,280,895.

There was an increase of \$251,185 (7%) in net position reported in the business-type activities. Of this, there were increases of \$62,790 attributed to the sewer department and of \$188,395 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 \$4,728,971, a decrease of \$323,220 (6%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$153,688 (3%).
- Restricted fund balance – \$1,920,172 (41%).
- Committed fund balance – \$238,809 (5%).
- Assigned fund balance – \$614,890 (13%).
- Unassigned fund balance – \$1,801,412 (38%).

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 \$3,266,626 increasing \$110,538 (4%) from the prior year. Of the \$3,266,626, the unassigned amount is \$2,651,736 (81%) and the assigned amount is \$614,890 (19%). General fund revenues were \$773,882 (2%) more than the prior fiscal year and expenditures also increased by \$1,152,728 (4%). Other activity in the General Fund consisted of net transfers from other funds of \$922,513.

The main components of the increases in general fund revenues were related to an increase in property taxes of \$362,309 (2%), in intergovernmental receipts of \$219,336 (2%) and in licenses, permits and fees of \$110,054 (20%) from the prior year.

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

- Increase in General government expenditures of \$145,928 (14%).
- Increase in Public safety expenditures of 278,414 (9%).
- Increase in Public works expenditures of 196,337 (19%).
- Increase in Education expenditures of \$346,310 (2%).
- Increase in Employee benefits and insurance expenditures of \$105,138 (1%).

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 \$455,282 used in the financing and operations of the Town's sewer system. The fund shows a decrease of \$62,790 (16%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$157,979, interest income of \$4,007, interest expense of \$8,230 and net transfers to the general fund of \$90,966. Operating revenues increased by \$62,141 (7%) while operating expenses decreased by \$33,279 (4%) from the prior year.

The *Water Fund* has accumulated a fund balance of \$3,202,877 used in the financing and operations of the Town's water system. The fund shows an increase of \$188,395 (6%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$293,845, interest income of \$13,033, interest expense of \$26,516 and net transfers to the general fund of \$91,967. Operating revenues increased by \$74,880 (8%) and operating expenses also increased by \$112,371 (17%) 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 2019 as well as the final budget are presented. The final general fund budget for fiscal year 2019 was \$31,151,747. This was an increase of \$854,265 (3%) over the previous year's budget.

There was an increase of \$231,107 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 \$371,521. Of the \$371,521 in under budget expenditures, \$209,590 has been carried over to fiscal year 2020.

There is a negative variance in property taxes of \$25,979 as expectations (budget) were higher than the receipts.

A negative variance exists in public works of \$65,204 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 \$68,957 due to lower assessments in special education (SPED) of \$1,545, in the school choice sending tuitions of \$67,137 and in the charter school sending tuitions of \$274 than the actual payments.

Overall, the variance with the final budget was a positive \$827,298 consisting of a revenue surplus of \$665,367 and an appropriation surplus of \$161,931.

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, 2019 amounts to \$24,027,640 and \$4,991,628, 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:

- Foreclosure properties for \$97,440.
- Land purchases for \$125,037.
- Various Buildings' Energy improvements (LED lighting) for \$165,782.
- Vehicle purchase for \$41,091.
- Police vehicle purchase for \$46,533.
- Fire Department vehicle purchase for \$314,166.
- Highway vehicle purchases for \$153,823.
- Roads, parking and sidewalks infrastructure improvements for \$237,903.
- School improvements for \$156,930.

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

In the sewer fund:

- Infrastructure improvements for \$158,114.

In the water fund:

- Water Treatment Plant improvements for \$18,739.
- Infrastructure improvements for \$22,753.

Debt Administration. The Town's outstanding governmental debt, as of June 30, 2019, totaled \$2,564,000, of which \$75,000 is for the school projects, \$1,204,000 is for the various construction and building improvements, \$970,000 for departmental vehicles and equipment, \$235,000 is for landfill projects, \$30,000 for veteran's park and \$50,000 for road improvements.

The governmental activities also have bond and state anticipation notes outstanding for \$799,000 for various projects.

The Town also has capital leases for Emergency Medical Services vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The last lease is due in 2026. Town currently owes \$492,013 on the leases consisting of \$431,594 in principal and \$60,419 in interest.

The Town's outstanding business-type debt totaled \$905,000 consisting of \$270,300 in sewer debt and \$634,700 in water debt.

The business-type activities also have a bond anticipation note outstanding of \$613,000, of which \$302,000 is for the inflow and infiltration study at the Wastewater Treatment Plant and \$311,000 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, 2019 do not reflect the fiscal year 2020 Town Meeting action with the exception of the fund balance (free cash) amount used to fund the 2020 budget. The Annual Town Meeting on May 13, 2019 authorized a fiscal year 2020 operating and capital budget as follows:

From raise and appropriate		\$	29,256,452
From sewer revenues			776,104
From water revenues	\$	880,288	
From water reserve fund		85,000	965,288
From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Free cash			405,300
Non-major Governmental Funds:			
Reserve for Ambulance			38,954
		\$	<u>31,442,098</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 01082.

BASIC FINANCIAL STATEMENTS

**TOWN OF WARE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 5,388,146	\$ 2,181,750	\$ 7,569,896
Investments	941,045	-	941,045
Cash in Custody of Others	29,135	-	29,135
Receivables, net of allowance for uncollectibles:			
Property Taxes	749,695	-	749,695
Tax Liens	509,984	-	509,984
Excise Taxes	197,617	-	197,617
User Charges	-	258,041	258,041
Departmental	326,693	-	326,693
Due from Other Governments	2,501,103	-	2,501,103
Total current assets	<u>10,643,418</u>	<u>2,439,791</u>	<u>13,083,209</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	3,067,361	1,001,666	4,069,027
Depreciable	20,960,279	3,989,962	24,950,241
Total noncurrent assets	<u>24,027,640</u>	<u>4,991,628</u>	<u>29,019,268</u>
Total Assets	<u>34,671,058</u>	<u>7,431,419</u>	<u>42,102,477</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	3,122,674	225,218	3,347,892
Deferred Outflows Related to OPEB	14,244	606	14,850
Total Deferred Outflows of Resources	<u>3,136,918</u>	<u>225,824</u>	<u>3,362,742</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	1,440,855	105,667	1,546,522
Accrued Payroll	1,125,698	18,955	1,144,653
Payroll Withholdings	13,892	-	13,892
Tax Refund Payable	37,400	-	37,400
Other	20,345	-	20,345
Accrued Interest	18,253	8,083	26,336
Compensated Absences	85,496	5,284	90,780
Notes Payable	799,000	613,000	1,412,000
Bonds and Leases Payable	408,249	115,000	523,249
Total current liabilities	<u>3,949,188</u>	<u>865,989</u>	<u>4,815,177</u>
NONCURRENT:			
Compensated Absences	421,406	3,940	425,346
Net OPEB Liability	17,234,838	733,199	17,968,037
Net Pension Liability	16,915,654	1,220,020	18,135,674
Bonds and Leases Payable	2,587,345	790,000	3,377,345
Total noncurrent liabilities	<u>37,159,243</u>	<u>2,747,159</u>	<u>39,906,402</u>
Total Liabilities	<u>41,108,431</u>	<u>3,613,148</u>	<u>44,721,579</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,031,463	146,516	2,177,979
Deferred Inflows Related to OPEB	5,627,895	239,420	5,867,315
Total Deferred Inflows of Resources	<u>7,659,358</u>	<u>385,936</u>	<u>8,045,294</u>
NET POSITION			
Net Investments in Capital Assets	20,233,046	3,473,628	23,706,674
Restricted for:			
Capital Projects	143,290	76,003	219,293
Federal & State Grants	1,213,785	-	1,213,785
Permanent Funds:			
Expendable	153,957	-	153,957
Nonexpendable	153,688	-	153,688
Other Purposes	1,244,640	-	1,244,640
Unrestricted	(34,102,219)	108,528	(33,993,691)
Total Net Position	<u>\$ (10,959,813)</u>	<u>\$ 3,658,159</u>	<u>\$ (7,301,654)</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, 2019**

	<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>
Governmental Activities:							
General Government	\$ 1,421,200	\$ 277,871	\$ 440,105	\$ -	\$ (703,224)	\$ -	\$ (703,224)
Public Safety	4,141,650	1,230,429	123,375	-	(2,787,846)	-	(2,787,846)
Public Works	1,921,354	5,018	117,678	514,259	(1,284,399)	-	(1,284,399)
Education	18,053,017	172,560	11,712,714	-	(6,167,743)	-	(6,167,743)
Health and Human Services	1,990,986	63,526	1,406,146	-	(521,314)	-	(521,314)
Culture and Recreation	488,876	41,733	44,121	-	(403,022)	-	(403,022)
Employee Benefits and Insurance	8,617,385	-	2,495,417	-	(6,121,968)	-	(6,121,968)
State Assessments	1,184,447	-	-	-	(1,184,447)	-	(1,184,447)
Interest	123,430	-	14,717	-	(108,713)	-	(108,713)
Total Governmental Activities	37,942,345	1,791,137	16,354,273	514,259	(19,282,676)	-	(19,282,676)
Business-Type Activities:							
Water	805,297	1,072,626	13,033	-	-	280,362	280,362
Sewer	744,083	893,832	4,007	-	-	153,756	153,756
Total Primary Government	\$ 39,491,725	\$ 3,757,595	\$ 16,371,313	\$ 514,259	(19,282,676)	434,118	(18,848,558)
General Revenues:							
Property taxes					15,087,051	-	15,087,051
Motor vehicle excise and other taxes					1,235,164	-	1,235,164
Penalties & Interest on taxes					126,016	-	126,016
Grants & Contributions not restricted to specific programs					2,216,436	-	2,216,436
Unrestricted investment income					65,509	-	65,509
Gain on Sale of Town Property					6,720	-	6,720
Miscellaneous					18,995	-	18,995
Contributions to permanent funds					200	-	200
Transfers, net					182,933	(182,933)	-
Total General Revenues, Contributions and Transfers					18,939,024	(182,933)	18,756,091
Change in Net Position					(343,652)	251,185	(92,467)
Net Position:							
Beginning of year (as restated)					(10,616,161)	3,406,974	(7,209,187)
End of year					\$ (10,959,813)	\$ 3,658,159	\$ (7,301,654)

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

**TOWN OF WARE MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 3,900,867	\$ 1,487,279	\$ 5,388,146
Investments	530,987	410,058	941,045
Cash in Custody of Others	-	29,135	29,135
Receivables, net of allowance for uncollectibles:			
Property Taxes	749,695	-	749,695
Tax Liens	509,984	-	509,984
Excise Taxes	197,617	-	197,617
Departmental	2,600	324,093	326,693
Due from Other Governments	1,173,972	1,327,131	2,501,103
Total Assets	\$ 7,065,722	\$ 3,577,696	\$ 10,643,418
Liabilities:			
Warrants and Accounts Payable	\$ 1,162,106	\$ 278,749	\$ 1,440,855
Accrued Payroll	1,087,087	38,611	1,125,698
Payroll Withholdings	13,892	-	13,892
Tax Refund Payable	37,400	-	37,400
Other	20,345	-	20,345
Bond Anticipation Notes Payable	-	799,000	799,000
Total Liabilities	2,320,830	1,116,360	3,437,190
Deferred Inflows of Resources:			
Unavailable Revenue	1,478,266	998,991	2,477,257
Fund Balance:			
Nonspendable	-	153,688	153,688
Restricted	-	1,920,172	1,920,172
Committed	-	238,809	238,809
Assigned	614,890	-	614,890
Unassigned	2,651,736	(850,324)	1,801,412
Total Fund Balance	3,266,626	1,462,345	4,728,971
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,065,722	\$ 3,577,696	\$ 10,643,418

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, 2019**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 14,953,042	\$ -	\$ 14,953,042
Intergovernmental	12,952,436	4,144,775	17,097,211
Excise and Other Taxes	1,216,142	-	1,216,142
Licenses, Permits, Fees	655,106	-	655,106
Charges for Services	-	1,196,758	1,196,758
Interest on Taxes	126,016	-	126,016
Investment Income	65,509	22,701	88,210
Gifts and Donations	-	56,644	56,644
Other	-	39,562	39,562
Intergovernmental - "On-behalf" Payments	2,512,251	-	2,512,251
Total Revenues	32,480,502	5,460,440	37,940,942
Expenditures:			
Current:			
General Government	1,217,510	686,438	1,903,948
Public Safety	3,435,964	722,908	4,158,872
Public Works	1,233,224	541,166	1,774,390
Education	14,987,284	2,385,074	17,372,358
Health and Human Services	672,498	1,220,516	1,893,014
Culture and Recreation	356,259	58,602	414,861
Employee Benefits and Insurance	8,675,079	-	8,675,079
State Assessments	1,184,447	-	1,184,447
Debt Service:			
Principal	1,393,200	-	1,393,200
Interest	137,012	-	137,012
Total Expenditures	33,292,477	5,614,704	38,907,181
Excess of Revenues Over (Under) Expenditures	(811,975)	(154,264)	(966,239)
Other Financing Sources (Uses):			
Operating Transfers In	970,223	-	970,223
Operating Transfers Out	(47,710)	(739,580)	(787,290)
Proceeds from Issuance of Bonds and Notes	-	50,000	50,000
Capital Lease	-	314,166	314,166
Sale of Town Property	-	95,920	95,920
Total Other Financing Sources (Uses)	922,513	(279,494)	643,019
Net Change in Fund Balances	110,538	(433,758)	(323,220)
Fund Balances, Beginning of Year	3,156,088	1,896,103	5,052,191
Fund Balances, End of Year	\$ 3,266,626	\$ 1,462,345	\$ 4,728,971

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, 2019

Total Governmental Fund Balances	\$	4,728,971
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		24,027,640
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		2,477,257
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.		(4,522,440)
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	\$	(2,995,594)
Net Other Post Employment Benefits Liability		(17,234,838)
Net Pension Liability		(16,915,654)
Compensated Absences		(506,902)
		(37,652,988)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(18,253)
Net Position of Governmental Activities	\$	(10,959,813)

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (323,220)

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	\$ 1,338,706	
Sale of Capital Assets	(89,200)	
Depreciation	<u>(1,791,451)</u>	(541,945)

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. (629,342)

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	1,467,549	
Proceeds from Capital Lease	(314,166)	
Proceeds from Bonds and Notes	<u>(50,000)</u>	1,103,383

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	(23,804)	
Net Change in Net Other Post Employment Benefits Liability	5,375,459	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(4,917,528)	
Net Change in Net Pension Liability	(2,280,895)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	1,880,658	
Net Change in Accrued Interest on Long-Term Debt	<u>13,582</u>	47,472

Change in Net Position of Governmental Activities \$ (343,652)

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, 2019**

	<u>Budgeted Amounts</u>				Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget				
	Forward from Prior Year	Original Budget	Final Budget	Final Budget			
Revenues:							
Property Taxes	\$ -	\$ 15,013,421	\$ 15,013,421	\$ 14,987,442	\$ -	\$ (25,979)	
Intergovernmental	-	12,726,633	12,726,633	12,952,436	-	225,803	
Excise and Other Taxes	-	1,050,557	1,050,557	1,216,142	-	165,585	
Licenses, Permits, Fees	-	441,680	441,680	655,106	-	213,426	
Interest on Taxes	-	73,000	73,000	126,016	-	53,016	
Interest on Investments	-	5,000	5,000	38,516	-	33,516	
Total Revenues	-	29,310,291	29,310,291	29,975,658	-	665,367	
Expenditures:							
Current:							
General Government	79,177	1,282,689	1,321,598	1,217,510	63,546	40,542	
Public Safety	45,722	3,341,900	3,515,830	3,435,964	36,763	43,103	
Public Works	11,221	1,191,058	1,215,629	1,233,224	47,609	(65,204)	
Education	9,647	15,015,817	15,025,464	14,987,284	32,602	5,578	
Health and Human Services	12,127	660,237	712,339	672,498	6,274	33,567	
Culture and Recreation	5,673	388,593	414,266	356,259	22,796	35,211	
Employee Benefits and Insurance	1,848	6,229,696	6,301,386	6,179,662	-	121,724	
State Assessments	-	1,115,490	1,115,490	1,184,447	-	(68,957)	
Debt Service:							
Principal	-	1,377,850	1,377,850	1,377,844	-	6	
Interest	-	151,895	151,895	135,534	-	16,361	
Total Expenditures	165,415	30,755,225	31,151,747	30,780,226	209,590	161,931	
Excess of Revenues Over (Under) Expenditures	(165,415)	(1,444,934)	(1,841,456)	(804,568)	(209,590)	827,298	
Other Financing Sources (Uses):							
Operating Transfers In	-	956,312	963,812	970,223	-	6,411	
Operating Transfers Out	-	(31,000)	(156,094)	(153,004)	-	3,090	
Total Other Financing Sources (Uses)	-	925,312	807,718	817,219	-	9,501	
Net Change in Budgetary Fund Balance	(165,415)	(519,622)	(1,033,738)	\$ 12,651	\$ (209,590)	\$ 836,799	
Other Budgetary Items:							
Free Cash and Other Reserves	-	646,500	995,201				
Prior Year Deficits	-	(126,878)	(126,878)				
Prior Year Encumbrances	165,415	-	165,415				
Total Other Budgetary Items	165,415	519,622	1,033,738				
NET BUDGET	\$ -	\$ -	\$ -				

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, 2019

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 29,975,658	\$ 30,780,226
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	26,993	-
Net Decrease in Revenue from recording Refund Taxes Payable	(37,400)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	2,512,251	-
Recognition of Expenditures - "on behalf payments"	-	2,512,251
Net Increase in Revenue from Recording 60-Day Receipts	3,000	-
Reported on a GAAP Basis	\$ 32,480,502	\$ 33,292,477

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, 2019**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,690,814	\$ 490,936	\$ 2,181,750
User Charges, net of allowance for uncollectibles	138,782	119,259	258,041
Total current assets	<u>1,829,596</u>	<u>610,195</u>	<u>2,439,791</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Non-depreciable	659,731	341,935	1,001,666
Depreciable	3,112,029	877,933	3,989,962
Total noncurrent assets	<u>3,771,760</u>	<u>1,219,868</u>	<u>4,991,628</u>
Total Assets	<u>5,601,356</u>	<u>1,830,063</u>	<u>7,431,419</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	118,041	107,177	225,218
Deferred Outflows Related to OPEB	510	96	606
Total Deferred Outflows of Resources	<u>118,551</u>	<u>107,273</u>	<u>225,824</u>
LIABILITIES			
CURRENT:			
Accounts Payable	19,706	85,961	105,667
Accrued Payroll	7,855	11,100	18,955
Accrued Interest	6,908	1,175	8,083
Compensated Absences	802	4,482	5,284
Bond Anticipation Notes Payable	311,000	302,000	613,000
Bonds Payable	78,300	36,700	115,000
Total current liabilities	<u>424,571</u>	<u>441,418</u>	<u>865,989</u>
NONCURRENT:			
Compensated Absences	1,121	2,819	3,940
Net OPEB Liability	617,176	116,023	733,199
Net Pension Liability	639,436	580,584	1,220,020
Bonds Payable	556,400	233,600	790,000
Total noncurrent liabilities	<u>1,814,133</u>	<u>933,026</u>	<u>2,747,159</u>
Total Liabilities	<u>2,238,704</u>	<u>1,374,444</u>	<u>3,613,148</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	76,792	69,724	146,516
Deferred Inflows Related to OPEB	201,534	37,886	239,420
Total Deferred Inflows of Resources	<u>278,326</u>	<u>107,610</u>	<u>385,936</u>
NET POSITION			
Net Investment in Capital Assets	2,826,060	647,568	3,473,628
Restricted for Capital	48,537	27,466	76,003
Unrestricted	328,280	(219,752)	108,528
Total Net Position	<u>\$ 3,202,877</u>	<u>\$ 455,282</u>	<u>\$ 3,658,159</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, 2019**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,057,591	\$ 887,427	\$ 1,945,018
Other	15,035	6,405	21,440
Total Operating Revenues	1,072,626	893,832	1,966,458
Operating Expenses:			
Salaries & Wages	233,851	268,056	501,907
Operating Expenses	418,956	410,476	829,432
Depreciation	125,974	57,321	183,295
Total Operating Expenses	778,781	735,853	1,514,634
Operating Income (Loss)	293,845	157,979	451,824
Non-Operating Revenues (Expenses):			
Investment Income	13,033	4,007	17,040
Interest Expense	(26,516)	(8,230)	(34,746)
Total Non-Operating Revenues (Expenses)	(13,483)	(4,223)	(17,706)
Income (Loss) Before Operating Transfers	280,362	153,756	434,118
Operating Transfers:			
Transfer In	22,735	24,975	47,710
Transfer(Out)	(114,702)	(115,941)	(230,643)
Total Operating Transfers	(91,967)	(90,966)	(182,933)
Change in Net Position	188,395	62,790	251,185
Net Position at Beginning of Year (as restated)	3,014,482	392,492	3,406,974
Net Position at End of Year	\$ 3,202,877	\$ 455,282	\$ 3,658,159

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, 2019**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,070,522	\$ 889,660	\$ 1,960,182
Receipts from Other Revenues	15,035	6,405	21,440
Payments to Vendors	(420,934)	(434,052)	(854,986)
Payments to Employees	(230,489)	(258,242)	(488,731)
Net Cash Provided by (Used for) Operating Activities	434,134	203,771	637,905
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(91,967)	(90,966)	(182,933)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(91,967)	(90,966)	(182,933)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the Issuance of Bonds and Notes	2,000	169,700	171,700
Acquisition and Construction of Capital Assets	(41,492)	(158,114)	(199,606)
Principal Payments on Bonds and Notes	(78,300)	(31,700)	(110,000)
Interest Expense	(26,907)	(8,198)	(35,105)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(144,699)	(28,312)	(173,011)
Cash Flows from Investing Activities:			
Investment Income	13,033	4,007	17,040
Net Cash Provided by (Used for) Investing Activities	13,033	4,007	17,040
Net Increase (Decrease) in Cash and Cash Equivalents	210,501	88,500	299,001
Cash and Cash Equivalents at Beginning of Year	1,480,313	402,436	1,882,749
Cash and Cash Equivalents at End of Year	\$ 1,690,814	\$ 490,936	\$ 2,181,750

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

Operating Income (Loss)	\$ 293,845	\$ 157,979	\$ 451,824
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	125,974	57,321	183,295
Deferred (Outflows)/Inflows of Resources Related to Pensions	(69,824)	(68,828)	(138,652)
Deferred (Outflows)/Inflows of Resources Related to OPEB	185,949	31,501	217,450
Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	(9,386)	49,017	39,631
Increase (Decrease) in Accrued Payroll	3,859	7,048	10,907
Increase (Decrease) in Compensated Absences	(497)	2,766	2,269
Increase (Decrease) in Net OPEB Liability	(218,427)	(34,230)	(252,657)
Increase (Decrease) in Net Pension Liability	109,710	(1,036)	108,674
Decrease (Increase) in User Charges	12,931	2,233	15,164
Total Adjustments	140,289	45,792	186,081
Net Cash Provided by (Used for) Operating Activities	\$ 434,134	\$ 203,771	\$ 637,905

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, 2019**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 62,037	\$ 305,607
Investments	731,660	191,882	-
Total Assets	731,660	253,919	305,607
LIABILITIES			
Warrants Payable	-	-	10,367
Due to Students Groups	-	-	90,524
Escrows and Deposits	-	-	204,716
Total Liabilities	-	-	305,607
NET POSITION			
Held in Trust for Scholarships and Other Purposes	\$ 731,660	\$ 253,919	\$ -

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, 2019**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 935,093	\$ -
Private Donations	-	900
Investment Income	31,618	9,910
Total Additions	966,711	10,810
Deductions:		
Educational Scholarships	-	1,300
Human Service	-	228
Employee Benefits and Insurance	777,151	-
Total Deductions	777,151	1,528
Change in Net Position	189,560	9,282
Net Position at Beginning of Year	542,100	244,637
Net Position at End of Year	\$ 731,660	\$ 253,919

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, 2019

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 2019, 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, 2019

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, 2019

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, 2019

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, 2019

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, 2018 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 2019 on June 28, 2018 that were due on August 1, 2018 and November 1, 2018 and actual bills on December 28, 2018 that were due on February 1, 2019 and May 1, 2019, 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 2019 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2019	\$ 15,006,396
Add: Debt Exclusion	171,739
Maximum Allowable Levy	<u>\$ 15,178,135</u>

The total amount raised by taxation was \$15,175,923.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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

Excise Taxes

Excise taxes consist of motor vehicle excise and boat 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, 2019

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:

Capital Asset Type	Years
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 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 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, 2019

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, 2019

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, 2019

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 2019, the Town incurred a final budget deficit of \$1,033,738 for the General Fund.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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

Unassigned fund balance:	
Free cash votes	\$ 995,202
Reserved for deficits	(126,878)
Prior year's encumbrances	165,414
	\$ 1,033,738

B. Deficit Fund Balances

The following funds have deficits at June 30, 2019 as measured by the balance of unreserved fund balance.

- The *Department of Public Works equipment fund*, a capital project, has a deficit of \$183,089. The Town has a bond anticipation note outstanding of \$184,000 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 \$289,168. The Town has a bond anticipation note outstanding of \$290,000 for the project. The deficit will be eliminated upon the issuance of permanent debt.
- The *Purchase of Land fund*, a capital project, has a deficit of \$122,537. The Town has a bond anticipation note outstanding of \$123,000 for the project. The deficit will be eliminated upon the issuance of permanent debt.
- The *Elementary School boiler replacement fund*, a capital project, has a deficit of \$110,078. The Town has a bond anticipation note outstanding of \$155,000 for the project. The deficit will be eliminated upon the issuance of permanent debt.
- The *Ware Middle School construction fund*, a capital project, has a deficit of \$46,853. The Town has a bond anticipation note outstanding of \$47,000 for the project. The deficit will be eliminated upon the issuance of permanent debt.
- The *Green Communities grant fund*, a special revenue account, has a deficit of \$58,642. The deficit will be eliminated upon additional receipts or upon appropriation.
- The *Job access and commute grant fund*, a special revenue account, has a deficit of \$39,957. 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, 2019 were \$8,251,622. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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.

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, 2019, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 171,982	\$ 108,976	\$ 63,006
U. S. government agencies	269,587	-	269,587
Bond mutual funds	258,408	-	258,408
Corporate bonds	327,989	59,792	268,197
Money market mutual fund	27,927	27,927	-
	<u>1,055,893</u>	<u>\$ 196,695</u>	<u>\$ 859,198</u>
Other Investments:			
Certificates of deposits	109,638		
Equity mutual funds	469,637		
Equity securities - domestic	161,050		
MMDT	68,369		
	<u>\$ 1,864,587</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 \$1,864,587 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, 2019

Credit Risk - Investments

The Town's exposure to credit risk as of June 30, 2019 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 171,982
U. S. Government Agencies:	
Aaa	269,587
Corporate Bonds:	
A1	47,174
A2	24,864
A3	103,044
Aa2	44,395
Baa1	108,512
Bond Mutual Funds:	
Not rated	258,408
Money Market Mutual Funds:	
Not rated	27,927
	\$ 1,055,893

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 14.46% 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, 2019

The Town has the following recurring fair value measurements as of June 30, 2019:

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	\$ 171,982	\$ 171,982	\$ -	\$ -
U. S. government agencies	269,587	269,587	-	-
Certificates of deposit	109,638	109,638	-	-
Equity mutual funds	469,637	469,637	-	-
Equity securities - domestic	161,050	161,050	-	-
Money market mutual fund	27,927	27,927	-	-
Bond mutual funds	258,408	-	258,408	-
Corporate bonds	327,989	-	327,989	-
Total Investments	1,796,218	\$ 1,209,821	\$ 586,397	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	68,369			
Total Investments	\$ 1,864,587			

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, 2019, 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
Major and nonmajor governmental funds:			
Property taxes	\$ 751,890	\$ (2,195)	\$ 749,695
Tax liens	509,984	-	509,984
Excise taxes	233,802	(36,185)	197,617
Departmental	344,192	(17,499)	326,693
Due from other governments	2,501,103	-	2,501,103
	\$ 4,340,971	\$ (55,879)	\$ 4,285,092

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

At June 30, 2019, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 96,934	\$ (500)	\$ 96,434
Tax liens	22,825	-	22,825
Water Fund:			
User charges	113,108	(500)	112,608
Tax liens	26,174	-	26,174
	\$ 259,041	\$ (1,000)	\$ 258,041

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The composition of amounts due from other governments as of June 30, 2019 for governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Elementary & Secondary Education:		
Homeless Transportation	\$	7,935
Department of Revenue:		
Chapter 70		727,723
Unrestricted General Government		148,762
School Choice		9,058
State Owned Land		2,333
Veterans, blind and surviving spouse		382
Department of Veterans Services:		
Veterans benefits		277,779
		<u>1,173,972</u>

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch	60,843
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U. S. Department of Education:

School title grants	56,518
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U.S. Department of Health and Human Services

	26,111
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U.S. Department of Justice

	15,130
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Commonwealth of Massachusetts:

Department of Fish and Game	37,300
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Department of Elder Affairs	7,402
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Department of Energy Resources	99,298
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Department of Environmental Protection	63,439
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Department of Elementary & Secondary Education:

School lunch	941
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School title grants	1,485
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Special education reimbursement fund	108,569
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Department of Mental Health	1,191
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Executive Office of Public Safety and Homeland Security

Public Safety Grants	1,464
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Massachusetts Emergency Management Agency

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects	813,631
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Other	<u>33,809</u>	<u>1,327,131</u>
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\$ 2,501,103

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

General Fund:			
Property taxes	\$	547,695	
Tax liens		509,984	
Excise taxes		197,617	
Due from other governments		222,970	\$ 1,478,266
Nonmajor governmental funds:			
Departmental		286,810	
Due from other governments		712,181	998,991
			\$ 2,477,257

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2019, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,707,652	\$ 222,477	\$ (89,200)	\$ 2,840,929
Construction in progress	34,250	192,182	-	226,432
Total capital assets not being depreciated	2,741,902	414,659	(89,200)	3,067,361
Capital assets being depreciated:				
Buildings and Renovations	31,724,493	368,433	(427,477)	31,665,449
Machinery, equipment and other	6,155,813	555,613	(35,842)	6,675,584
Infrastructure	8,653,514	-	-	8,653,514
Total capital assets being depreciated	46,533,820	924,046	(463,319)	46,994,547
Less accumulated depreciation for:				
Buildings and Renovations	17,981,198	1,154,307	(427,477)	18,708,028
Machinery, equipment and other	3,922,801	391,695	(35,842)	4,278,654
Infrastructure	2,802,138	245,448	-	3,047,586
Total accumulated depreciation	24,706,137	1,791,450	(463,319)	26,034,268
Total capital assets being depreciated, net	21,827,683	(867,404)	-	20,960,279
Total governmental activities capital assets, net	\$ 24,569,585	\$ (452,745)	\$ (89,200)	\$ 24,027,640

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 393,400	\$ -	\$ -	\$ 393,400
Construction in Progress	408,660	199,606	-	608,266
Total capital assets not being depreciated	<u>802,060</u>	<u>199,606</u>	<u>-</u>	<u>1,001,666</u>
Capital assets being depreciated:				
Buildings and renovations	277,521	-	-	277,521
Machinery, equipment and other	141,773	-	-	141,773
Infrastructure	5,562,999	-	-	5,562,999
Total capital assets being depreciated	<u>5,982,293</u>	<u>-</u>	<u>-</u>	<u>5,982,293</u>
Less accumulated depreciation for:				
Buildings and renovations	41,956	21,758	-	63,714
Machinery, equipment and other	90,283	24,400	-	114,683
Infrastructure	1,676,797	137,137	-	1,813,934
Total accumulated depreciation	<u>1,809,036</u>	<u>183,295</u>	<u>-</u>	<u>1,992,331</u>
Total capital assets being depreciated, net	<u>4,173,257</u>	<u>(183,295)</u>	<u>-</u>	<u>3,989,962</u>
Total business-type activities capital assets, net	<u>\$ 4,975,317</u>	<u>\$ 16,311</u>	<u>\$ -</u>	<u>\$ 4,991,628</u>

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

Governmental Activities:

General government	\$ 52,908
Public safety	398,320
Public works	330,994
Education	837,589
Health and human services	98,793
Culture and recreation	72,846
Total depreciation expense - governmental activities	<u>\$ 1,791,450</u>

Business-Type Activities:

Sewer fund	\$ 49,876
Water fund	133,419
Total depreciation expense - business-type activities	<u>\$ 183,295</u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2019, are summarized below:

	Transfers In:		
Transfers Out:	General fund	Business-type fund	Total
General fund	\$ -	\$ 47,710	\$ 47,710
Nonmajor governmental funds	739,580	-	739,580
Business-type fund	230,643	-	230,643
Total transfers out	\$ 970,223	\$ 47,710	\$ 1,017,933

F. Leases

The Town has entered into lease agreements as lessee for financing an Emergency Medical Services vehicles. These 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:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 562,761
Less: Accumulated Depreciation	(146,738)
Total	\$ 416,023

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ending June 30,	Governmental Activities
2020	\$ 80,466
2021	80,466
2022	80,466
2023	80,466
2024	80,466
2024-2025	89,683
Total minimum lease payments	492,013
Less: amount representing interest	(60,419)
Present value of minimum lease payments	\$ 431,594

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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:

Governmental Activities						
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2018	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2019
Bond Anticipation Notes:						
Old Farm Road culvert	2.10%	6/20/2019	\$ 316,000	\$ -	\$ 316,000	\$ -
Highway truck	2.10%	6/20/2019	208,000	-	208,000	-
Old Farm Road culvert	2.04%	6/19/2020	-	290,000	-	290,000
Highway truck	2.04%	6/19/2020	-	184,000	-	184,000
Purchase of Land	2.04%	6/19/2020	-	123,000	-	123,000
Ware M.S. construction	2.04%	6/19/2020	-	47,000	-	47,000
Elementary School construction	2.04%	6/19/2020	-	155,000	-	155,000
State Anticipation Notes:						
Highway - Chapter 90	2.15%	10/8/2018	255,000	-	255,000	-
Total Governmental Activities			<u>\$ 779,000</u>	<u>\$ 799,000</u>	<u>\$ 779,000</u>	<u>\$ 799,000</u>

Business-Type Activities:						
Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2018	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2019
Bond Anticipation Notes:						
Sewer Fund:						
Inflow and Infiltration Study	2.10%	6/20/2019	\$ 132,300	\$ -	\$ 132,300	\$ -
Inflow and Infiltration Study	2.04%	6/19/2020	-	302,000	-	302,000
Water Fund:						
Bond Anticipation Notes:						
Water Treatment Plant	2.10%	6/20/2019	309,000	-	309,000	-
Water Treatment Plant	2.04%	6/19/2020	-	311,000	-	311,000
Total Business-Type Activities			<u>\$ 441,300</u>	<u>\$ 613,000</u>	<u>\$ 441,300</u>	<u>\$ 613,000</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, 2019

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Municipal Purpose Loan of 2008:					
Departmental Equipment	3.66%	3/15/2008	3/15/2022	\$ 980,000	\$ 155,000
Veteran's Park	3.68%	3/15/2008	3/15/2022	185,000	30,000
Town Hall Boiler Replacement	3.74%	3/15/2008	3/15/2025	87,000	30,000
Senior Center	3.78%	3/15/2008	3/15/2027	852,000	355,000
Municipal Purpose Loan of 2014:					
Fire Station	2.0-3.0%	5/15/2014	5/15/2034	987,000	795,000
Parking Lot	2.0-3.0%	5/15/2014	5/15/2024	100,000	50,000
Street Sweeper	2.0-3.0%	5/15/2014	5/15/2024	100,000	50,000
Municipal Purpose State House of 2014:					
Police Station	1.00%	5/23/2014	9/1/2019	155,017	24,000
Municipal Purpose Loan of 2017:					
Fire Truck	2.60%	4/13/2017	4/1/2035	480,000	420,000
Highway Mowers	2.60%	4/13/2017	4/1/2030	192,000	150,000
Highway Vehicles	2.60%	4/13/2017	4/1/2030	243,000	195,000
School Carpets	2.60%	4/13/2017	4/1/2022	128,000	75,000
Total Inside Debt					<u>2,329,000</u>
Outside Debt:					
Municipal Purpose Loan of 2014:					
Landfill Capping	2.0-3.0%	5/15/2014	5/15/2034	270,000	195,000
Municipal Purpose Loan of 2017:					
Landfill Capping	2.60%	4/13/2017	4/1/2027	50,000	40,000
Total Outside Debt					<u>235,000</u>
Total governmental type debt					<u><u>\$ 2,564,000</u></u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
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	205,000	45,213	250,213
2025-2029	755,000	139,162	894,162
2030-2034	445,000	45,888	490,888
2035-2036	25,000	812	25,812
	<u>\$ 2,564,000</u>	<u>\$ 495,440</u>	<u>\$ 3,059,440</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, 2019
Inside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2008: Sewer lines repairs	3.80%	3/15/2008	3/15/2028	\$ 33,600	\$ 15,300
Municipal Purpose Loan of 2014: Wastewater Treatment Plant	2.0-3.0%	5/15/2014	5/15/2034	293,000	<u>205,000</u>
Total Inside Debt					<u>220,300</u>
Outside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2014: Wastewater Treatment Plant	2.0-3.0%	5/15/2014	5/15/2026	100,000	50,000
Water Fund:					
Municipal Purpose Loan of 2008: Water control facility	3.80%	3/15/2008	3/15/2028	831,000	390,000
Water line repairs	3.80%	3/15/2008	3/15/2028	167,000	74,700
Municipal Purpose Loan of 2017: Water mains	2.60%	4/13/2017	4/1/2027	220,000	<u>170,000</u>
Total Outside Debt					<u>684,700</u>
Total business-type debt					<u>\$ 905,000</u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
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	100,000	16,425	116,425
2025-2029	365,000	31,900	396,900
	<u>\$ 905,000</u>	<u>\$ 149,793</u>	<u>\$ 1,054,793</u>

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 3,848,100	\$ -	\$ 1,284,100	\$ 2,564,000	\$ 344,000
Massachusetts Clean Water Trust bonds	59,100	-	59,100	-	-
Capital lease	191,777	314,166	74,349	431,594	64,249
Compensated absences	483,098	32,462	8,658	506,902	85,496
Net OPEB liability	22,881,769	-	5,646,931	17,234,838	-
Net pension liability	14,634,759	2,280,895	-	16,915,654	-
Governmental activity					
Long-term liabilities	<u>\$ 42,098,603</u>	<u>\$ 2,627,523</u>	<u>\$ 7,073,138</u>	<u>\$ 37,652,988</u>	<u>\$ 493,745</u>
Business type activities:					
Bonds Payable:					
General obligation bonds	\$ 1,015,000	\$ -	\$ 110,000	\$ 905,000	\$ 115,000
Compensated absences	6,955	3,263	994	9,224	5,284
Net OPEB liability	714,384	18,815	-	733,199	-
Net pension liability	1,111,346	108,674	-	1,220,020	-
Business-type activity					
Long-term liabilities	<u>\$ 2,847,685</u>	<u>\$ 130,752</u>	<u>\$ 110,994</u>	<u>\$ 2,867,443</u>	<u>\$ 120,284</u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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, 2019 totaled \$2,549,300.

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, 2019:

Equalized Valuation-Real Estate and Personal Property (2018)		\$ 757,553,700	
		<u>37,877,685</u>	
Debt Limit: 5 % of Equalized value		37,877,685	
Total Debt Outstanding	\$ 3,469,000		
Less: Debt Outside Debt Limit	<u>(919,700)</u>	<u>2,549,300</u>	
Inside Debt Excess Borrowing Capacity at June 30, 2019		<u>\$ 35,328,385</u>	

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. Loan authorizations that have not been issued as of June 30, 2019 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
5/9/2016	Road repairs in anticipation of Chapter 90 receipts	\$ 434,839
5/8/2017	Road repairs in anticipation of Chapter 90 receipts	174,035
11/14/2016	Replace Old Poor Farm Road culvert	84,000
11/14/2016	Purchase Highway vehicle	2,000
5/8/2017	Design and construct an Iron and Manganese Removal plant	5,689,000
5/8/2017	Land acquisition for water supply protection	7,000
11/13/2017	WWTP inflow and infiltration study, Phase II	18,000
5/14/2018	Road repairs in anticipation of Chapter 90 receipts	428,549
3/11/2019	Replacement of Sewer Lines	200,000
3/11/2019	Ware Middle School windows/doors	3,236,122
3/11/2019	Replacement of Elementary School boilers	762,041
5/13/2019	Road repairs in anticipation of Chapter 90 receipts	427,583
5/13/2019	Purchase Highway vehicle	<u>255,000</u>
		<u>\$ 11,718,169</u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Overlapping Debt

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

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Pathfinder Vocational Technical Regional School District: School Roof	\$ 266,015	21.36%	<u>\$ 56,821</u>

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

I. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2019:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 153,688	\$ 153,688
Restricted:			
Federal, state and local grants	-	425,560	425,560
School Revolving funds	-	927,918	927,918
Town Revolving funds	-	61,521	61,521
Donations and gifts	-	94,319	94,319
Insurance reimbursements	-	4,585	4,585
Capital projects	-	96,014	96,014
Permanent funds	-	153,958	153,958
Other	-	156,297	156,297
	-	1,920,172	1,920,172
Committed:			
Ambulance fund	-	143,786	143,786
Compensated absences reserve	-	95,023	95,023
	-	238,809	238,809
Assigned:			
General government	63,546	-	63,546
Public safety	36,763	-	36,763
Public works	47,609	-	47,609
Education	32,602	-	32,602
Health and human services	6,274	-	6,274
Culture and recreation	22,796	-	22,796
Subsequent year's budget	405,300	-	405,300
	614,890	-	614,890
Unassigned:			
General Fund	2,651,736	-	2,651,736
Deficit special revenue fund	-	(98,599)	(98,599)
Deficit capital projects	-	(751,725)	(751,725)
	2,651,736	(850,324)	1,801,412
Total Governmental fund balances	\$ 3,266,626	\$ 1,462,345	\$ 4,728,971

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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, 2019, the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 502,788
Capital stabilization fund	462,618
	<u>\$ 965,406</u>

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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

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, 2019

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, 2019, abated property taxes amounting to \$5,515 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, 2018. The Town's portion of the collective pension expense contributed by the Commonwealth of \$2,495,417 on-behalf payments for the fiscal year ending June 30, 2019 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, 2019

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, 2018 was \$1,900,394, representing 26.83% 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, 2019, the Town reported a liability of \$18,135,674 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. 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, 2018, the Town's proportional percentage was 8.41%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2019, the Town recognized a pension expense of \$2,270,585 and reported deferred outflows of resources related to pensions of \$3,347,892 from the difference between expected 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 \$2,177,979 from the from the difference between projected and actual experience, the 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, 2019

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

For years ended June 30,		
2020	\$	564,702
2021		236,617
2022		66,738
2023		395,146
2024		(93,290)
	\$	1,169,913

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, 2018:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	<i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2033. <i>2002 & 2003 Early Retirement Incentive (ERI):</i> Level dollar amount to reduce the 2002 & 2003 ERI Actuarial Accrued Liability to zero on or before June 30, 2028.
Remaining amortization period	15 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 disabled retirees, projected with a base year of 2012.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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. 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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.5%	4.82%
International Equities	16.5%	5.00%
Emerging Markets Equity	8.0%	6.50%
Domestic Fixed Income	10.0%	1.25%
Emerging Fixed Income	6.0%	4.00%
Global Fixed Income	3.0%	-0.25%
Opportunistic Fixed Income	9.0%	2.75%
Private Debt	3.0%	5.36%
Private Equity	10.0%	8.40%
Real Estate (Core)	12.0%	3.50%
Cash	2.0%	0.25%
Total	100.0%	

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (3.02%). 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, 2019

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:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Town's net pension liability	\$ 23,175,357	\$ 18,135,674	\$ 13,873,507

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 468 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, 2019, 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, 2019 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$777,151. The Town also made a contribution to an OPEB Trust of \$157,942 for a total contribution during the measurement period of \$935,093 to be reported on the financial statement for the fiscal year ending June 30, 2019. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2019, the trust balance is \$731,660.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Plan Membership:

Current active members	269
Current retirees, beneficiaries and dependents	199
Total	468

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2019
Total OPEB liability	\$ 18,699,697
Less: Plan fiduciary net position	(731,660)
Town's Net OPEB liability	\$ 17,968,037
Plan fiduciary net position as a percentage of the total OPEB liability	3.9%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2019:

Valuation date	July 1, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, June 30, 2019.
Investment rate of return	6.66%, net of OPEB plan investment expense, including inflation.
Inflation	2.75% as of June 30, 2019 and for future periods.
Single Equivalent Discount rate	4.75%, net of OPEB plan investment expense, including inflation.
Healthcare trend	4.50% annually
Projected salary increases	3.00% annually as of June 30, 2019 and for future periods.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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, 2018 actuarial valuation and market value of assets as of the measurement date of June 30, 2019 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index is 2.79%.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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. Less: 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, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 5.57%.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2018	\$ 24,138,253	\$ 542,100	\$ 23,596,153
Service cost	569,962	-	569,962
Interest on Total OPEB Liability	1,155,397	-	1,155,397
Changes in benefit terms *	-	-	-
Changes in assumptions **	(1,780,489)	-	(1,780,489)
Difference between actual and expected experience **	(4,606,275)	-	(4,606,275)
Net investment income	-	31,618	(31,618)
Employer contributions to Trust	-	935,093	(935,093)
Total benefit payments including implicit cost	(777,151)	(777,151)	-
Administrative expense	-	-	-
Net change in total OPEB liability	(5,438,556)	189,560	(5,628,116)
Balances at June 30, 2019	\$ 18,699,697	\$ 731,660	\$ 17,968,037

* = Recognized immediately

** = Amortized over 5.7 years

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance 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 (3.75%) or 1-percentage-point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
	Town's net OPEB liability	\$ 20,546,156	\$ 17,968,037

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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 (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rate:

	1% Decrease (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
Town's net OPEB liability	\$ 15,607,701	\$ 17,968,037	\$ 20,980,872

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, 2019, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized a net OPEB expense of \$493,138 and reported deferred outflows of resources related to OPEB of \$14,850 and deferred inflows of resources related to OPEB of \$5,867,315.

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,	
2020	\$ (1,242,125)
2021	(1,242,125)
2022	(1,242,123)
2023	(1,198,098)
2024	(927,994)
	\$ (5,852,465)

G. Implementation of New GASB Pronouncements

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.

TOWN OF WARE, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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. 84, *Fiduciary Activities*, for implementation in fiscal year 2020.

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

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2020.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2022.

5. RESTATEMENT

The net position as of June 30, 2018 has been restated. The beginning net position was reallocated between governmental activities and business-type activities to reflect the changes in the other post employment (OPEB) liability. Accordingly, the previously reported net position of (\$7,209,187) remains the same with (\$10,616,161) for governmental activities and \$3,406,974 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, 2019**

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:

Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2018	8.410%	\$ 18,135,674	\$ 7,083,554	256.03%	58.91%
12/31/2017	8.478%	\$ 15,746,105	\$ 6,508,174	241.94%	63.15%
12/31/2016	8.431%	\$ 18,532,222	\$ 6,679,940	277.43%	55.61%
12/31/2015	8.303%	\$ 17,242,205	\$ 7,058,713	244.27%	55.29%
12/31/2014	8.582%	\$ 16,009,733	\$ 6,620,284	241.83%	58.07%

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, 2019**

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:

Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2018	\$ 1,900,394	\$ (1,900,394)	\$ -	\$ 7,083,554	26.83%
12/31/2017	\$ 1,808,411	\$ (1,808,411)	\$ -	\$ 6,508,174	27.79%
12/31/2016	\$ 1,660,342	\$ (1,660,342)	\$ -	\$ 6,679,940	24.86%
12/31/2015	\$ 1,546,510	\$ (1,546,510)	\$ -	\$ 7,058,713	21.91%
12/31/2014	\$ 1,498,054	\$ (1,498,054)	\$ -	\$ 6,620,284	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, 2019

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 569,962	\$ 743,021	\$ 744,842
Interest on Total OPEB liability	1,155,397	1,095,173	994,420
Changes in Benefit terms	-	-	-
Changes in Assumptions	(1,780,489)	-	-
Difference between actual and expected experience	(4,606,275)	(881,657)	-
Benefit payments, including implicit cost	(777,151)	(815,878)	(781,746)
Administrative expense	-	-	-
Net change in total OPEB liability	<u>(5,438,556)</u>	<u>140,659</u>	<u>957,516</u>
Total OPEB liability-beginning	<u>24,138,253</u>	<u>23,997,594</u>	<u>23,040,078</u>
Total OPEB liability-ending (a)	<u>\$ 18,699,697</u>	<u>\$ 24,138,253</u>	<u>\$ 23,997,594</u>
Plan fiduciary net position			
Net investment income	\$ 31,618	\$ 17,224	\$ 16,115
Employer contributions to Trust	-	989,238	895,996
Benefit payments, including refunds of member contributions	(777,151)	(815,878)	(781,746)
Net change in plan fiduciary net position	<u>189,560</u>	<u>190,584</u>	<u>130,365</u>
Total fiduciary net position-beginning	<u>542,100</u>	<u>351,516</u>	<u>221,151</u>
Total fiduciary net position-ending (b)	<u>\$ 731,660</u>	<u>\$ 542,100</u>	<u>\$ 351,516</u>
Town's net OPEB liability (a-b)	<u>\$ 17,968,037</u>	<u>\$ 23,596,153</u>	<u>\$ 23,646,078</u>

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, 2019

Schedule of Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 18,699,697	\$ 24,138,253	\$ 23,997,594
Less: Plan fiduciary net position	<u>(731,660)</u>	<u>(542,100)</u>	<u>(351,516)</u>
Town's Net OPEB liability	<u>\$ 17,968,037</u>	<u>\$ 23,596,153</u>	<u>\$ 23,646,078</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.91%	2.25%	1.46%
Town's share of covered employee payroll	\$ 14,137,511	\$ 14,162,328	\$ 13,391,060
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	127.09%	166.61%	176.58%

Schedule of Contributions:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 1,654,210	\$ 2,129,245	\$ 2,049,403
Less: Contributions in relation to the actuarially determined contribution	<u>(935,093)</u>	<u>(989,238)</u>	<u>(895,996)</u>
Contribution deficiency (excess)	<u>\$ 719,117</u>	<u>\$ 1,140,007</u>	<u>\$ 1,153,407</u>
Town's share of covered employee payroll	\$ 14,137,511	\$ 14,162,328	\$ 13,391,060
Contributions percentage of covered-employee payroll	6.61%	6.98%	6.69%
Annual money-weighted rate of return net of investment expense	5.57%	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, 2019**

Schedule of Funding Progress:

Other Post Employment Benefits						
Measurement Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2019	\$ 731,660	\$ 18,699,697	\$ 17,968,037	3.9%	\$ 14,137,511	127.1%
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, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Special Revenue:					
Federal and State Grants:					
School Grants	\$ (4,751)	\$ 904,104	\$ 894,400	\$ -	\$ 4,953
Arts Lottery Council Grant	2,171	6,306	4,882	-	3,595
Community Development Block Grants	366,588	907,953	1,008,587	-	265,954
Council on Aging Grants	1,585	78,575	79,420	-	740
Energy Efficiency Grant	-	160,782	160,782	-	-
Green Communities Grant	4,430	148,947	212,019	-	(58,642)
Highway Grants	-	472,235	472,235	-	-
Job Access And Commute Grant	(22,214)	96,961	114,704	-	(39,957)
Library Grants	-	15,435	7,542	-	7,893
Other Grants and Programs	18,398	201,901	179,969	-	40,330
Public Safety Grants	42,805	99,099	113,716	-	28,188
Regional Transportation Study	-	20,000	-	-	20,000
Schools:					
School Lunch Revolving	174,547	524,546	544,890	-	154,203
School Lunch Commodities	-	47,476	47,476	-	-
School Choice	622,780	203,348	195,556	-	630,572
School Revolving Accounts	246,062	61,770	164,689	-	143,143
State Special Education Reimbursement Fund	29,235	402,207	377,533	-	53,909
Other:					
Ambulance	216,130	663,003	-	(735,347)	143,786
Bulky Waste Revolving	10,000	-	350	-	9,650
Cemetery Revolving	7,399	3,710	2,649	-	8,460
Council on Aging Center Rental Revolving	4,535	852	110	-	5,277
Drug Forfeiture	1,437	2,575	1,000	-	3,012
Gifts and Donations	140,871	56,654	103,206	-	94,319
Insurance Reimbursements	5,535	-	950	-	4,585
Other Grants and Programs	910	14,100	-	-	15,010
Police Outside Duty	-	269,844	269,844	-	-
Total Special Revenue Funds Page 72	\$ 1,868,453	\$ 5,362,383	\$ 4,956,509	\$ (735,347)	\$ 1,538,980

TOWN OF WARE, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Continued From Page 72	\$ 1,868,453	\$ 5,362,383	\$ 4,956,509	\$ (735,347)	\$ 1,538,980
Special Revenue (continued):					
Other (continued):					
Premium on Bonds	13,542	-	-	-	13,542
Recreation Revolving	10,000	32,365	28,132	(4,233)	10,000
Sale of Cemetery Lots	12,035	2,370	3,420	-	10,985
Sale of Property	3,272	-	-	95,920	99,192
School Rail Fund	2,798	-	-	-	2,798
Septic Repair Loan Repayments	13,073	16,736	1,775	-	28,034
Water/Sewer Development	5,720	9	-	-	5,729
Compensated Absences Reserve	98,150	4,816	7,943	-	95,023
Gilbert Grenville Park Fund	80,610	15,412	-	-	96,022
Reed Swimming Pool Fund	9,402	8,979	7,153	-	11,228
Municipal Insurance Fund	5,833	294	-	-	6,127
Total Special Revenue Funds	2,122,888	5,443,364	5,004,932	(643,660)	1,917,660
Capital Projects:					
Department of Public Works equipment	(207,089)	-	-	24,000	(183,089)
Elementary School boiler replacement	-	-	110,078	-	(110,078)
Fire Department vehicle	-	-	314,166	314,166	-
Fire Station construction	39,585	-	-	-	39,585
Landfill capping	42,915	-	9,862	-	33,053
Old Poor Farm Road culvert	(315,169)	-	-	26,000	(289,169)
Parks equipment	317	-	-	-	317
Purchase of Land	-	-	122,537	-	(122,537)
Road improvements	380	-	-	-	380
School flooring	5,084	-	-	-	5,084
School underground storage tank removal	5,806	-	-	-	5,806
Town Hall roof repairs	11,790	-	-	-	11,790
Ware Middle School construction	-	-	46,853	-	(46,853)
Total Capital Projects	\$ (416,381)	\$ -	\$ 603,496	\$ 364,166	\$ (655,711)

TOWN OF WARE, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	\$ 132,887	\$ 200	\$ -	\$ -	\$ 133,087
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
Total Perpetual Permanent Funds	153,488	200	-	-	153,688
Permanent Funds:					
Cemetery Perpetual Care Funds:					
Aspen Grove Fund	13,275	8,806	1,200	-	20,881
George L. Draper Fund	(104)	395	-	-	291
Susan Connell Fund	210	186	-	-	396
Helen Handanian Fund	1,806	390	45	-	2,151
Reed Memorial Fund	17,735	6,607	4,946	-	19,396
Josephine Wood Fund	1,462	281	-	-	1,743
Mary Packard Fund	944	146	85	-	1,005
Donald Sherman Fund	780	65	-	-	845
Total Permanent Funds	36,108	16,876	6,276	-	46,708
Total - Non-Major Governmental Funds	\$ 1,896,103	\$ 5,460,440	\$ 5,614,704	\$ (279,494)	\$ 1,462,345

TOWN OF WARE, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL AND ROLLBACK TAXES
JULY 1, 2018 TO JUNE 30, 2019

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Real Estate Taxes:						
Levy of 2019	\$ -	\$ 14,721,635	\$ 111,622	\$ 13,990,526	\$ 619,487	\$ 619,635
Levy of 2018	560,389	-	148,763	317,233	94,393	94,037
Levy of 2017	157,605	-	41,924	113,770	1,911	1,911
Levy of 2016	12,487	-	2,627	9,314	546	546
Levy of 2015	2,757	-	2,114	643	-	-
Prior Years	1,038	-	178	860	-	-
	<u>734,276</u>	<u>14,721,635</u>	<u>307,228</u>	<u>14,432,346</u>	<u>716,337</u>	<u>716,129</u>
Personal Property Taxes:						
Levy of 2019	-	454,746	-	444,423	10,323	10,323
Levy of 2018	863	-	-	(279)	1,142	1,142
Levy of 2017	3,946	-	-	1,190	2,756	2,756
Levy of 2016	1,317	-	-	314	1,003	1,003
Levy of 2015	1,003	-	-	206	797	797
Prior Years	643	-	-	248	395	395
	<u>7,772</u>	<u>454,746</u>	<u>-</u>	<u>446,102</u>	<u>16,416</u>	<u>16,416</u>
Supplemental Taxes						
Levy of 2019	-	3,093	-	2,161	932	932
Levy of 2018	8,000	-	-	4,818	3,182	3,182
Levy of 2017	2,011	-	-	-	2,011	2,011
	<u>10,011</u>	<u>3,093</u>	<u>-</u>	<u>6,979</u>	<u>6,125</u>	<u>6,125</u>
Rollback Taxes	<u>13,214</u>	<u>2,180</u>	<u>-</u>	<u>2,382</u>	<u>13,012</u>	<u>13,012</u>
Total Real Estate, Personal Property, Supplemental and Rollback Taxes	<u>\$ 765,273</u>	<u>\$ 15,181,654</u>	<u>\$ 307,228</u>	<u>\$ 14,887,809</u>	<u>\$ 751,890</u>	<u>\$ 751,682</u>

**TOWN OF WARE, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE, FARM ANIMAL AND BOAT EXCISE TAXES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Motor Vehicle Excise Taxes:						
Levy of 2019	\$ -	\$ 1,025,915	\$ 17,755	\$ 861,823	\$ 146,337	\$ 146,160
Levy of 2018	121,240	105,688	14,865	182,149	29,914	29,914
Levy of 2017	34,081	109	762	19,024	14,404	14,404
Levy of 2016	13,544	55	875	3,954	8,770	8,770
Levy of 2015	9,598	-	-	1,919	7,679	7,679
Prior Years	28,085	475	-	2,376	26,184	26,184
	<u>206,548</u>	<u>1,132,242</u>	<u>34,257</u>	<u>1,071,245</u>	<u>233,288</u>	<u>233,111</u>
Farm Animal Excise Taxes	<u>1,781</u>	<u>-</u>	<u>1,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
Boat Excise Taxes	<u>436</u>	<u>1,957</u>	<u>55</u>	<u>1,824</u>	<u>514</u>	<u>514</u>
Total Motor Vehicle, Farm Animal and Boat Excise Taxes	<u>\$ 208,765</u>	<u>\$ 1,134,199</u>	<u>\$ 36,093</u>	<u>\$ 1,073,069</u>	<u>\$ 233,802</u>	<u>\$ 233,625</u>

**TOWN OF WARE, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Accounts July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2019	Uncollected Accounts Per Detail June 30, 2019
Tax Liens	\$ 456,118	\$ 259,062	\$ 98,277	\$ 106,919	\$ 509,984	\$ 509,984