

TOWN OF ACTON, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended  
June 30, 2016



***On the Cover and Above:***

South Acton is the most heavily patronized station on the Fitchburg Line. The Fitchburg Line Project added a second mainline track on the southerly side of the existing track, making times and stops more efficient with added express trains. Reverse commuters can travel from Boston to Acton and use the “Cross Acton Transit” shuttle that will bring them between the train station and their work place. New, full-train lengths, high-level platforms on either side of the track were constructed to replace the existing platforms allowing level platform-to-coach boarding, improving accessibility for the disabled. An enclosed overhead walkway served by both stairs and elevators was constructed over the tracks connecting the two platforms. To supplement the existing drop-off area in the station parking lot, a second passenger drop-off area is located on Maple Street adjacent to the new inbound platform. The design of the new station was coordinated with the Town of Acton through the town's South Acton Train Station Advisory Committee and Acton Historic District Commission.

Station amenities include new canopies, passenger shelters, benches and windscreens, signage, train approach warning system, variable message signs, and platform lighting. The station is equipped with closed circuit television (CCTV) video surveillance cameras, police emergency call boxes, and public telephones.

The new station opened for service on December 21, 2016. Construction of the new station is complete.



*Comprehensive Annual Financial Report*

*For the Fiscal Year  
July 1, 2015 through June 30, 2016*

*Prepared by the Finance Department*

Town of Acton, Massachusetts  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2016  
 Table of Contents

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	2-6
Organizational Chart	7
List of Principal Officials	8
GFOA – Certificate of Achievement for Excellence in Financial Reporting	9
<b>FINANCIAL SECTION</b>	
Independent Auditors’ Report	11-13
Management’s Discussion and Analysis (Required Supplementary Information)	14-23
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements	
Balance Sheet - Governmental Funds	27
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	30
Statement of Net Position - Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	32
Statement of Cash Flows - Proprietary Fund	33
Statement of Fiduciary Net Position – Fiduciary Funds	34
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	35
Notes to the Financial Statements	36-67
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	69-75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Community Preservation Act Fund	76
Schedule of the Town of Acton Massachusetts’ Proportionate Share of the Net Pension Liability - Middlesex County Retirement System	77
Schedule of the Town of Acton Massachusetts’ Contributions – Middlesex County Retirement System	78
Schedule of Funding Progress and Employer’s Contributions – Other Post Employment Benefits	79
Valuation Details – Other Post Employment Benefits	80
Notes to the Required Supplementary Information	81-84
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Nonmajor Governmental Fund Categories	86

Town of Acton, Massachusetts  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2016  
 Table Contents

Combining Balance Sheet – Nonmajor Governmental Funds	87,88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	89,90
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Non Major Special Revenue – Transportation Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Non Major Special Revenue - Septage Fund	92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Non Major Special Revenue - Ambulance Fund	93
Fiduciary Fund Categories	94
Combining Statement of Net Position – Fiduciary Funds	95
Combining Statement of Changes in Net Position – Fiduciary Funds	96
Statement of Changes in Assets and Liabilities - Agency Fund	97

**STATISTICAL SECTION**

Financial Trends:

Net Position by Component – Last Ten Fiscal Years	99
Changes in Net Position – Last Ten Fiscal Years	101,102
Fund Balances - Governmental Funds – Last Ten Fiscal Years	103
Changes in Fund Balances - Governmental Funds – Last Ten Fiscal Years	104

Revenue Capacity:

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	105
Principal Property Taxpayers – Current Year and Nine Years Ago	106
Property Tax Levies and Collections – Last Ten Fiscal Years	107

Debt Capacity:

Ratios of Outstanding Debt by Type and General Bonded Debt – Last Ten Fiscal Years	108
Direct and Overlapping Governmental Activities Debt – As of June 30, 2016	109
Legal Debt Margin Information – Last Ten Fiscal Years	110

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years	111
Principal Employers – Current Year and Nine Years Ago	112

Operating Information:

Full-Time Equivalent Employees by Function – Last Ten Fiscal Years	113
Operating Indicators by Function/Program – Last Ten Fiscal Years	114
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	115

# **INTRODUCTORY SECTION**



*Town of Acton*

*472 Main Street  
Acton, MA 01720*

*(978) 929-6624 Telephone*

*Finance Department  
Stephen G. Barrett, CPA, Director  
Brian McMullen, Assistant Director*

---

### **Letter of Transmittal**

December 21, 2016

To the Honorable Board of Selectmen and Citizens of the Town of Acton:

At the close of each fiscal year, state law requires the Town of Acton to publish a complete set of audited financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Acton, Massachusetts, for the fiscal year ending June 30, 2016 for your review.

The report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the assets of the Town from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Giusti, Hingston & Company, PC, a firm of licensed certified public accountants, who have been hired by and report to the Town's Board of Selectmen. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Acton for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Acton's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In previous years, the independent audit of the financial statements of the Town of Acton was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. In order to meet the Single Audit Act threshold, an entity must have \$750,000 of federal expenditures. Since the Town's school system fully regionalized in fiscal

year 2015, a majority of the federal grants are now awarded to and expended by the Acton Boxborough Regional School District. As a result, the Town did not meet the Single Audit Act threshold. However, we have issued the Independent Auditors' Report, Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards in a separate report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of the Town***

The Town of Acton, incorporated in 1735, is located in western Middlesex County approximately twenty one miles from Boston. It is situated on Massachusetts Route 2 and in close proximity to U.S. Interstate 495. The Town occupies 20 square miles and serves a population of 22,031. The Town is primarily a residential community. However, the Town's stable industrial base plays a role in the Town's fiscal stability. The Town offers nearby commuter rail service to Boston to the east and Fitchburg to the west, providing valuable transportation options for residents, businesses and commuters.

The Town is governed by an open Town Meeting, an elected five member Board of Selectmen and a Town Manager appointed by the Board. All voters of the town are eligible to attend the town meeting and vote on matters that come before it. The members of the Board of Selectmen are elected for three year terms. In order to provide continuity on the Board of Selectmen, the term of one member expires every third year, and the term of two members expire in each of the intervening years.

The Board of Selectmen serves as the chief goal-setting, planning and policy-making agency of the town. The Board acts through the adoption of policy directives and guidelines which are implemented by officers and employees appointed by or under its authority. The Town Manager is responsible for the management of town agencies and the supervision of town employees including coordinating the activities of volunteer members of the town agencies with town departments.

The Town provides a full range of municipal services, including police and fire protection, ambulance, collection and disposal of waste, maintenance of roads, library, health and human services, culture and recreation and sewer. Above and beyond the typical municipal services, the Town provides nursing and transportation services to its residents. All of the Town's educational services are provided by the Acton-Boxborough Regional School District. The regionalization of the Town of Acton's school system provides the Town's elementary school students with the full resources of the Acton-Boxborough Regional School District. The Acton Water District, a separate entity from the Town, provides water services to 90% of the Town's residents.

### ***Factors Affecting Economic Condition***

Acton's economic base has remained stable over the past ten years, consistently accounting for between 11.8% and 13.4% of the Towns assessed value. The Town has approximately 837 private businesses within its boundaries that employ approximately 8,625 employees. Businesses within the borders of Acton provide an estimated \$532,011,941 in wages. Service industries comprise the vast majority of business in Acton (733) with Professional and Business Services and Financial Activities companies leading the way (277). Based on data from the U.S Census, the Town of Acton's median household income (\$120,865) is considerably higher than the average in Massachusetts (\$67,846). In addition, the Town of Acton continues to experience unemployment rates well below state, county and national averages.

The Town's residential assessed values have risen in each of the last five fiscal years to its highest value ever, after a decline from a previous high water mark in 2007. The Building Department issued 1,368 building permits in 2016 worth an estimated construction value of over \$35.7 million.

The Town adopted the Community Preservation Act, which allows for a 1.5% surcharge on real estate tax bills and a Commonwealth of Massachusetts match, in 2002. Since its passage, the Town has collected approximately \$9.1 million from the 1.5% surcharge. Appropriations from this program continue to be approved annually at Annual Town Meeting and they have provided funding for many projects in the areas of housing, recreation, open space, historic preservation, and other land acquisition. This continual reaffirmation of a 1.5% surcharge, in an era of economic uncertainty, shows that the citizens remain committed to the viability of the program.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on the sound principles of safety, liquidity, and yield.

Over the past ten years, property tax and intergovernmental revenues comprised the vast majority of governmental fund's revenues. In fiscal year 2016, property taxes were 87% of the revenues. In the previous nine fiscal years, property taxes have represented between 85% and 73% of the governmental fund revenues. In fiscal year 2016, intergovernmental revenues represented 4.4% of the governmental fund revenues a decrease from the 7.8% in fiscal year 2015. The decrease from the fiscal year 2015 percentage occurred because the Town is no longer in a special funding situation with the Massachusetts Teachers' Retirement System. In fiscal year 2015, the Town reported \$2,501,865 of intergovernmental revenues (and the related pension expense) in accordance with the Governmental Accounting Standards Board Statement #68. Those revenues (and the related pension expense) are now reported by the Acton-Boxborough Regional School District. Intergovernmental revenues have fluctuated between 14% and 17% of governmental fund revenues during the eight years preceding fiscal year 2015. The change in percentages is the result of the regionalization of the school system, not a higher reliance on property taxes. Beginning in fiscal year 2015, the local general fund education aid from the Commonwealth of Massachusetts and the special revenue fund state/federal education grants (previously received by the Town of Acton) were revenues of the Acton-Boxborough Regional School District. As a result, the total revenues of the Town Acton decreased and the property tax revenues percentage of total revenues increased. The reduction in education grant/local aid revenues caused the change in the intergovernmental percentage.

The Town's other postemployment benefits (OPEB) unfunded actuarial accrued liability has declined significantly to \$20.0 million from \$31.2 million according to the latest actuarial study. The decline was mainly due to demographic changes resulting from the transfer of school employees to the Acton-Boxborough School District. A change in discount rate to 7.75% from 6.25% and larger than anticipated contributions to the OPEB Trust were other factors in the decrease. In fiscal year 2016, the Town continued to fund the OPEB obligation by appropriating \$566,800 to the OPEB Trust. The OPEB Trust has a balance of \$2,369,675 at June 30, 2016.

### ***Long Term Financial Planning***

The level of budgetary control is established by Town Meeting; this approval defines the level at which expenditures may not exceed appropriations. Town Meeting authorizes a "bottom-line" fiscal budget for all legally binding appropriations made for municipal expenditures which the Town Manager cannot exceed. Additional appropriations may be approved at subsequent Town Meetings.

The Town continues to manage its financial affairs in a prudent manner, as is demonstrated by its AAA bond rating from Standard & Poor's and Moody's. The Town has been able to accomplish all this by initiatives such as:

- Participation in the Acton Leadership Group (ALG) which is an integrated Budget Planning Group, formed in 1988. The Group contains members of the Board of Selectmen (BOS), School Committee (SC), Finance Committee (FINCOM), Town Manager, and School Superintendent.

Their sole purpose is to annually prioritize the financial needs of the community and to produce a 3 year Financial Plan (including capital) to be funded.

- Ongoing financial modeling and forecasting of revenues and expenses by the ALG
- Maintaining reserve levels
- Actively managing the costs of benefits
- Establishing and funding an OPEB Trust Fund
- Investing in technology to ensure efficient operations
- Investing in infrastructure

The Town's overall debt position is favorable and the Town's debt service carrying charges as a percentage of non-capital governmental expenditures have decrease in each of the past five fiscal years to a ten year low of 2.9%.

### **Awards and Acknowledgements**

The Town is the manager of CrossTown Connect, a transportation management association, consisting of 5 public partners (Acton, Boxborough, Littleton, Maynard and Westford) and 8 private partners (Associated Environmental Systems, Guitierrez Company, IBM, Juniper Networks, Mill & Main, Potpourri Group, Red Hat and West Acton Village Works). Together these partners have implemented programs that address the transportation needs of Seniors, People With Disabilities, Commuters, Reverse Commuters, Special Populations and the General Public. These programs include the common dispatching of Council On Aging vehicles for four of the communities; opening up every vehicle for use by residents in all four towns for every vehicle; providing morning/evening commuting/reverse commuting services to the South Acton and Littleton MBTA train stations; and providing guaranteed ride home programs for the private partners. CrossTown Connect has received awards from the International City/County Managers Association, the Local Officials Human Services Council, Community Health Network Area 15 and the 495 Metrowest Partnership, in recognition for the innovation, excellence and success of a multi-participant collaboration between the public and private sectors.

Acton Nursing Services has been recognized by OCS HomeCare and DecisionHealth as one of the top home care providers in the country and received the HomeCare Elite Award for six out of the last ten years. The HomeCare Elite award is an annual compilation of the most successful home care providers in the United States. This market-leading review, from OCS HomeCare by National Research Corporation and DecisionHealth, names the top 25 percent of agencies in home health performance measures. The Acton Nursing Services is one of only two public home care providers in Massachusetts and exemplifies the town's commitment to care for its most vulnerable population.

In June 2016 Standard and Poors affirmed its 'AAA' rating, with a stable outlook, on the Town's existing General Obligation debt. In assigning this bond rating they cited:

- Very strong economy
- Strong management
- Strong budgetary performance
- Very strong liquidity
- Very strong debt and contingent liability position

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Acton, Massachusetts for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

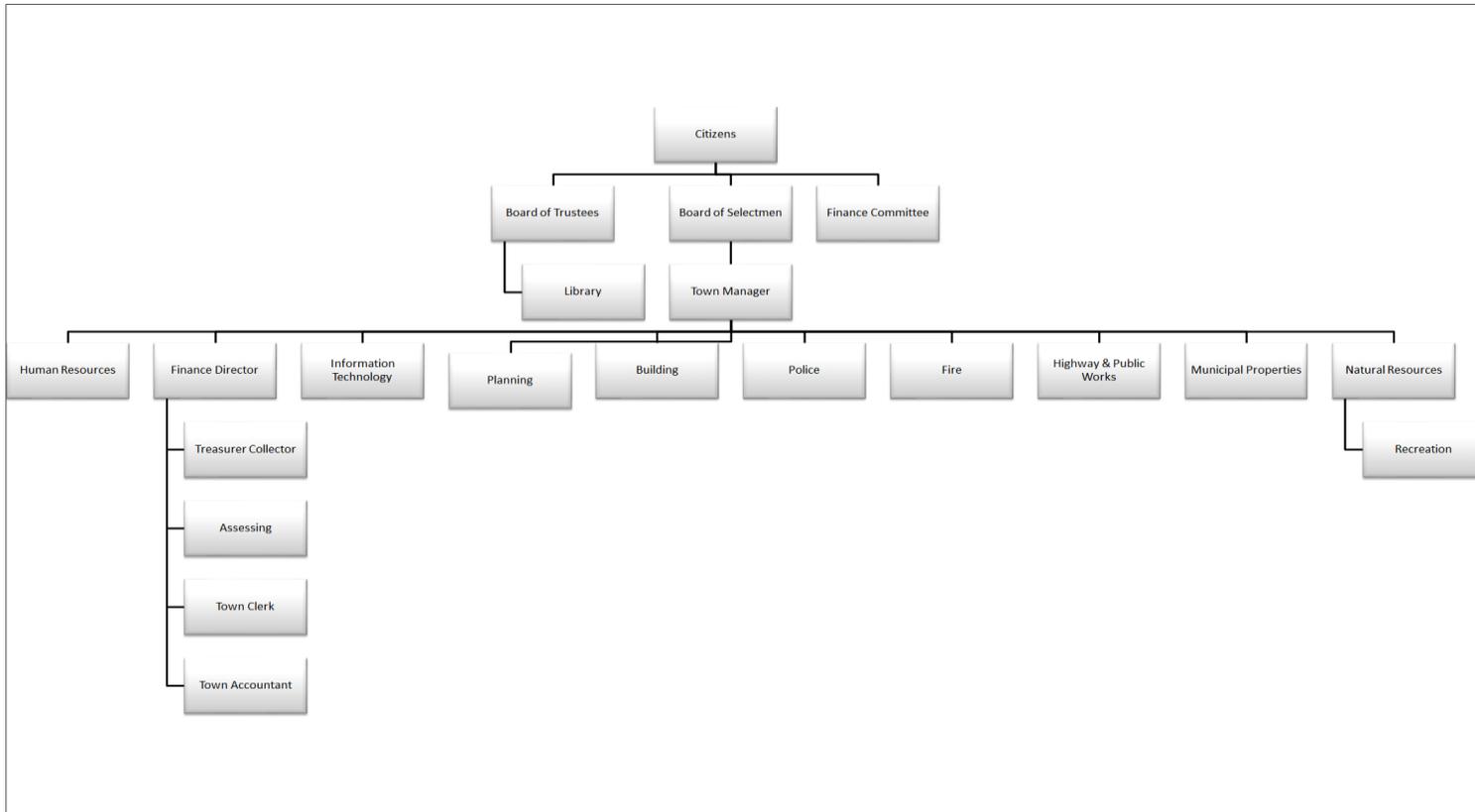
The publication of this CAFR represents an important achievement by the Town of Acton to provide enhanced financial information to its citizens, elected and appointed officials and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Special thanks also go to the public accounting firm of Giusti, Hingston & Company, P.C. for their advice and assistance in the preparation of this report.

Respectfully Submitted:

*Stephen Barrett, CPA*

Stephen Barrett, CPA  
Finance Director, Treasurer and Tax Collector

# Town of Acton, Massachusetts Organization Chart



# *Town of Acton, Massachusetts*

## *Principal Officials*

Title	Name	Term Expires
Chair, Board of Selectmen	Peter Berry	2017
Vice - Chair, Board of Selectmen	Janet K. Adachi	2019
Clerk, Board of Selectmen	Frances J. Osman	2017
Member, Board of Selectmen	Katherine E. Green	2019
Member, Board of Selectmen	Chingsung Chang	2018
Chair, Finance Committee	Margaret Busse	2017
Vice Chair, Finance Committee	Doug Tindal	2017
Clerk, Finance Committee	Michael Majors	2019
Finance Committee Member	Stephen Noone	2019
Finance Committee Member	Roland Bourdon, III	2019
Finance Committee Member	Bob Evans	2018
Finance Committee Member	Shuyu Lee	2017
Finance Committee Member	Jason Cole	2018
Finance Committee Member	Dave Wellinghoff	2018
Finance Committee Associate	Jon Benson	2017
Finance Committee Associate	Kristen Connell	2017
Town Manager	Steven Ledoux	2017
Assistant Town Manager	Mark Hald	N/A
Finance Director	Stephen Barrett	N/A
Assistant Finance Director	Brian McMullen	N/A
Town Accountant	Lisa Wojick	2019
Police Chief	Frank Widmayer, III	N/A
Fire Chief	Robert Hart	N/A
Town Clerk	Eva Szkaradek	2017



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Acton  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Acton  
472 Main Street  
Acton, MA 01720

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Acton, Massachusetts as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of

Acton, Massachusetts as of June 30, 2016 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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, the budgetary comparison schedules, the retirement system schedules and the other post employment benefit schedules listed in 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 Acton, Massachusetts' basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and 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 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Town of Acton, 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 Acton, Massachusetts' internal control over financial reporting and compliance.

*Giusti, Hingston and Company*

Giusti, Hingston and Company  
Certified Public Accountants  
Georgetown, Massachusetts  
December 21, 2016

**Town of Acton, Massachusetts**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**June 30, 2016**

As management of the Town of Acton, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Acton, Massachusetts for the fiscal year ended June 30, 2016.

**Financial Highlights – Primary Government**

- The assets and deferred outflows of the Town of Acton, Massachusetts exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$100,380,073 (*net position*).
- The government's total net position decreased by \$1,317,010. The Governmental Activities increased by \$263,141 or 0.32%. The business type activities decreased by \$1,580,151 or 7.8%. The significant decrease in the net position of the business type activities resulted, primarily (i.e. \$1,000,000) from the transfer of funds from the sanitation enterprise fund to the general fund. The funding source was the remaining balance in the North East Solid Waste fund and was made in accordance with Chapter 376 of the Acts of 2006.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$10,148,999, or 11.6% of total general fund expenditures.
- The Town of Acton, Massachusetts' total general obligation bonds payable decreased by \$3,022,526 or 9.1% during the current year. The change is attributed to a decrease in the Governmental Activities (\$2,186,726 or 12.7%) and a decrease in the Business-type Activities (\$835,800 or 5.2%). A considerable amount of the Business-type activity debt will be funded by betterment revenues.

**Overview of the Financial Statements – Primary Government**

The discussion and analysis is intended to serve as an introduction of the Town of Acton, Massachusetts' basic financial statements. The Town of Acton, Massachusetts' basic financial statements consists of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Acton, Massachusetts' finances, in a manner similar to private-sector business.

The Government-wide financial statements include the Town of Acton, Massachusetts (the Primary Government) and the Acton Community Housing Trust (a component unit for which the town is financially accountable).

The *statement of net position* presents information on all of the Town of Acton, Massachusetts' assets/deferred outflows and liabilities/deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Acton, Massachusetts 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 of the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Governmental Activities** – Activities reported here include education, public safety, public works, library and general administration. Property taxes, motor vehicle excise taxes, state and other local revenues finance these activities.
- **Business-Type Activities** - Activities reported here are for sanitation and sewer operations. User fees charged to the customers receiving services finance these 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. The Town of Acton, Massachusetts, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Acton, Massachusetts can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

**Proprietary funds.** The Town of Acton, Massachusetts maintains two proprietary (enterprise) fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Acton, Massachusetts uses enterprise funds to account for its sanitation and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each enterprise fund. Both funds are considered to be major funds of the Town of Acton, Massachusetts.

**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. The Town maintains fiduciary funds to account for activities related to charitable trust funds and for its Other Post Employment Benefits (OPEB) trust fund. The OPEB Trust Fund is used to accumulate resources to provide funding for future OPEB liabilities.

## Notes to the Financial Statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town of Acton, Massachusetts' progress in funding its obligation to provide pension and OPEB benefits to its employees. The *required supplementary information* also includes budget versus actual information.

### Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Capital assets and long-term liabilities are not included on the balance sheet of the governmental funds, but are included on the statement of net position. Capital assets are recorded as expenditures when they are purchased in the governmental funds and depreciated over the useful life in the government-wide financial statements.

We have included schedules that provide a crosswalk from the government-wide financial statements to the governmental funds of the fund financial statements:

- Reconciliation of the balance sheet - governmental funds to the government-wide statement of net position.
- Reconciliation of the statement of revenues and expenditures and changes in fund balances - governmental funds to the government-wide statement of activities.

A reconciliation of government-wide financial statements to enterprise funds of the fund financial statements is not necessary. The business-type activities of the government-wide financial statements and the enterprise funds use the same accounting basis and measurement focus.

### Government-Wide Financial Analysis

The following table reflects the condensed net position for the past two fiscal years. The fiscal year 2015 amounts were adjusted to reflect the prior period adjustments.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 40,117,248	\$ 41,927,076	\$ 17,631,557	\$ 19,304,597	\$ 57,748,805	\$ 61,231,673
Capital Assets	116,844,659	115,554,418	16,495,315	17,211,564	133,339,974	132,765,982
Total Assets	<u>156,961,907</u>	<u>157,481,494</u>	<u>34,126,872</u>	<u>36,516,161</u>	<u>191,088,779</u>	<u>193,997,655</u>
Deferred Outflows of Resources	<u>2,840,939</u>	<u>561,546</u>	<u>-</u>	<u>-</u>	<u>2,840,939</u>	<u>561,546</u>
Current Liabilities	4,536,311	4,425,821	1,041,956	1,014,249	5,578,267	5,440,070
Long Term Liabilities	73,411,500	72,160,754	14,401,949	15,238,794	87,813,449	87,399,548
Total Liabilities	<u>77,947,811</u>	<u>76,586,575</u>	<u>15,443,905</u>	<u>16,253,043</u>	<u>93,391,716</u>	<u>92,839,618</u>
Deferred Inflows of Resources	<u>157,929</u>	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>157,929</u>	<u>22,500</u>

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net Position:						
Net Investment in Capital Assets	111,660,065	109,815,077	1,282,177	1,211,364	112,942,242	111,026,441
Restricted	14,644,115	13,995,847	-	-	14,644,115	13,995,847
Unrestricted	(44,607,074)	(42,376,959)	17,400,790	19,051,754	(27,206,284)	(23,325,205)
Total Net Position	<u>\$ 81,697,106</u>	<u>\$ 81,433,965</u>	<u>\$ 18,682,967</u>	<u>\$ 20,263,118</u>	<u>\$ 100,380,073</u>	<u>\$ 101,697,083</u>

The net position of the Town decreased by \$1,317,010.

### Changes in Net Position

The following condensed financial information was derived from the government-wide Statement of Activities. It reflects how the Town's net position has changed during the fiscal year.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 3,431,954	\$ 2,757,277	\$ 1,412,815	\$ 1,823,220	\$ 4,844,769	\$ 4,580,497
Operating Grants and Contributions	2,312,191	5,265,591	849,216	883,849	3,161,407	6,149,440
Capital Grants and Contributions	152,695	446,212	48,317	-	201,012	446,212
General Revenues:						
Property Taxes	78,118,399	75,074,955	-	-	78,118,399	75,074,955
Motor Vehicle and Other Excises	3,444,387	3,239,547	-	-	3,444,387	3,239,547
Intergovernmental Not Restricted to a Specific Program	1,592,198	1,321,715	-	-	1,592,198	1,321,715
Other	353,540	543,976	-	-	353,540	543,976
Total Revenues	<u>89,405,364</u>	<u>88,649,273</u>	<u>2,310,348</u>	<u>2,707,069</u>	<u>91,715,712</u>	<u>91,356,342</u>
<b>Expenses</b>						
General Government	8,114,019	8,578,307	-	-	8,114,019	8,578,307
Public Safety	9,451,107	8,754,650	-	-	9,451,107	8,754,650
Education	54,096,552	53,013,169	-	-	54,096,552	53,013,169
Highways and Public Works	4,017,148	4,784,065	-	-	4,017,148	4,784,065
Human Services	3,397,297	2,688,262	-	-	3,397,297	2,688,262
Culture and Recreation	1,999,666	1,984,760	-	-	1,999,666	1,984,760
Employee Benefits and Insurance	8,603,930	8,436,224	-	-	8,603,930	8,436,224
Debt Service	462,504	519,120	-	-	462,504	519,120
Sanitation	-	-	608,863	614,092	608,863	614,092
Sewer	-	-	2,281,636	2,315,422	2,281,636	2,315,422
Nursing	-	-	-	514,637	-	514,637
Total Expenses	<u>90,142,223</u>	<u>88,758,557</u>	<u>2,890,499</u>	<u>3,444,151</u>	<u>93,032,722</u>	<u>92,202,708</u>
Increase (Decrease) in Net Position						
Before Special Items and Transfers	(736,859)	(109,284)	(580,151)	(737,082)	(1,317,010)	(846,366)
Reassignment of Assets	-	169,113	-	(169,113)	-	-
Assumption of Long Term Liabilities	-	(199,927)	-	199,927	-	-
Special Items	-	(22,473,561)	-	-	-	(22,473,561)
Transfers In (Out)	1,000,000	1,243,489	(1,000,000)	(1,243,489)	-	-
Increase (Decrease) in Net Position	<u>263,141</u>	<u>(21,370,170)</u>	<u>(1,580,151)</u>	<u>(1,949,757)</u>	<u>(1,317,010)</u>	<u>(23,319,927)</u>
Net Position - Beginning as Restated	<u>81,433,965</u>	<u>102,804,135</u>	<u>20,263,118</u>	<u>22,212,875</u>	<u>101,697,083</u>	<u>125,017,010</u>
Net Position - Ending	<u>\$ 81,697,106</u>	<u>\$ 81,433,965</u>	<u>\$ 18,682,967</u>	<u>\$ 20,263,118</u>	<u>\$ 100,380,073</u>	<u>\$ 101,697,083</u>

As noted earlier, Net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's net position was \$100,380,073.

By far, the largest portion of the Town of Acton, Massachusetts' net position (\$112,942,242) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Town of Acton, Massachusetts uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town of Acton, Massachusetts' investment in capital assets is reported net of related debt, it should be noted that the resources used 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 Town of Acton, Massachusetts' net position represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit \$27,206,284) is unrestricted. A positive balance in unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors.

**Governmental Activities**

The net position of the Governmental Activities increased by \$263,141. Key elements of this change are as follows:

Additional Pension Expense (GASB 68)	\$	(1,124,312)
Additional OPEB Expense (GASB 45)		(98,212)
Transfer of funds from Enterprise Fund		1,000,000
Other		485,665
Total	\$	<u>263,141</u>

The deficit (\$44,607,074) in the Unrestricted Net Position in the governmental activities is primarily a result of reporting the Town's Net Pension Liability (\$44,369,446) and the Other Post Employment Benefits liability (\$14,016,728).

In fiscal year 2016, property taxes accounted for approximately 87% of the revenues. In fiscal years 2015 and 2014 they accounted for 85% and 76%, respectively, of the revenues. The 2% increase in fiscal year 2016 resulted because the Town did not report revenues related to a special funding situation with the Massachusetts Teachers' Retirement System (MTRS) in fiscal year 2016. The special funding situation is now between the MTRS and the Acton-Boxborough Regional School District. In fiscal year 2015, the Town reported \$2,501,865 of program revenues related to the special funding situation. The reduction in total revenues reported caused an increase in the percentage related property taxes. The significant increase in fiscal year 2015 as compared to fiscal year 2014 is due to the regionalization of the elementary school system. In fiscal year 2014 and previous years, local education state aid and state/federal education grants were received by the Town. Beginning in fiscal 2015, those revenues were received by the Acton-Boxborough Regional School. Therefore, the property taxes were a higher percentage of the revenues.

**Business Type Activities**

The net position of the Business Type Activities decreased by \$1,580,151. Key elements of this change are as follows:

The net position of the Sanitation Fund decreased by \$1,064,614. This occurred because reserves (\$1,000,000 North East Solid Waste funds) were transferred out to the general fund. In addition, the Town utilized \$113,383 of unreserved retained earnings to fund its operating budget. Fiscal year 2016 operating revenues were considerably less than budgeted because the Town changed the financial model to a "pay as you throw" sticker system. The sticker system caused an increase in recycling which reduced both revenues and expenditures considerably.

The net position of the Sewer Fund decreased by \$515,537. Revenues decreased by 3.1% while expenditures decreased by 1.5%. The primary reason for the decrease in net position is the depreciation on infrastructure assets that were purchased with capital grants.

## **Financial Analysis of the Governmental Funds**

### **Governmental Funds**

The focus of the Town of Acton, Massachusetts' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Acton, Massachusetts' financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town of Acton, Massachusetts itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town of Acton, Massachusetts' Selectmen.

As of the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$27,444,381. This represents a decrease of \$1,509,896 from the prior fiscal year. Key elements to the change are as follows:

- The fund balance in the general fund decreased by \$1,423,552 during the current fiscal year. Substantially all revenue categories outperformed their budgets by a total of \$1,431,663 and expenditures were less than budget by \$781,393. However, the Town utilized \$3,669,000 of unreserved fund balance in the fiscal year 2016 budget.
- The fund balance of the Community Preservation fund increased by \$134,965. The increase is the result raising revenues in fiscal year 2016 for projects that will begin in future years.
- The fund balance in the capital projects fund decreased by \$9,049 due to the expenditure of funds borrowed in prior fiscal years.
- The fund balance in the non major special revenue funds decreased by \$396,972. The most significant portion of the decrease (\$165,983) was related to the ambulance fund utilizing some of its reserves (\$71,169) to fund its budget. Also contributing to the loss in the ambulance fund was the fact that the revenues were less than budgeted. Other decreases were based on the timing of the revenues received and the timing of the related expenditures.
- The fund balance in the non major trust funds increased by \$184,712 due to significant earnings on investments and new contributions during the fiscal year.

### **General Fund**

The general fund is the chief operating fund of the Town of Acton, Massachusetts. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,148,999 while total fund balance was \$15,427,432. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 11.6% of total general fund expenditures, while total fund balance represents approximately 17.7% of general fund expenditures.

### **Other General Fund Highlights**

- The Town utilized \$3,669,000 of its unassigned fund balance to fund the current year's budget. However, the results of operations kept the Town's unassigned fund balance at a significant amount.
- The Town's revenues exceeded their budget by \$1,431,663. A significant portion of excess resulted from property taxes collections exceeding (\$234,116) the net tax budget (due to less abatements being granted than anticipated in the budget process), unbudgeted tax lien collections (\$410,864) and revenues from licenses and permits exceeding (\$365,873) expectations .
- The Town's departments expended and encumbered \$781,393 less than budgeted. Significant amounts were unexpended in the Employee Benefits accounts (363,425) due to a less than anticipated pension assessment and a positive variance in the health insurance premiums account. The DPW Gas and Diesel account was underspent (\$116,159) due to decreasing costs. In addition, the Municipal Properties account had unexpended budgets (\$120,173) and the Snow and Ice

account had a positive variance (\$90,901). Since the Town operates on a bottom line budget, positive variances in some budgets are utilized to offset negative variances in others.

Based upon the balance sheet as of the close of each fiscal year, the Commonwealth of Massachusetts, Department of Revenue (DOR) determines the amount of general fund “fund balance” available for appropriation. In general, this amount (commonly known as “free cash”) is generated when actual revenues on a cash basis exceed budgeted amounts and expenditures and encumbrances (unpaid commitments) are less than appropriations, or both.

The Town’s certified free cash as of July 1, 2016 was \$4,873,062.

The following table reflects the trend in all the components of fund balance and details the certified free cash for the previous nine fiscal years.

<u>Fiscal Year</u>	<u>Reserved for Encumbrances</u>	<u>Reserved for Petty Cash</u>	<u>Designated for Subsequent Year's Expenditure</u>	<u>Unreserved</u>	<u>Total Fund Balance</u>
2008	\$ 3,186,756	\$ -	\$ 486,850	\$ 5,058,209	\$ 8,731,815
2009	3,353,740	-	1,167,330	5,347,611	9,868,681
2010	2,568,211	1,100	1,266,424	6,457,742	10,293,477

GASB 54 was implemented in fiscal year 2011. As a result the account titles of the components of fund balance changed as follows:

<u>Fiscal Year</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
2011	\$ 2,302,875	\$ 2,126,226	\$ 7,823,281	\$ 12,252,382
2012	2,013,918	1,308,583	9,691,909	13,014,410
2013	2,638,503	2,269,913	9,959,734	14,868,150
2014	2,009,485	1,596,387	12,103,520	15,709,392
2015	1,750,765	2,807,648	12,292,571	16,850,984
2016	1,495,255	3,783,178	10,148,999	15,427,432

<u>Fiscal Year</u>	<u>Free Cash</u>
2008	\$ 2,454,644
2009	2,333,592
2010	4,650,574
2011	5,933,591
2012	7,080,410
2013	7,406,552
2014	9,345,325
2015	7,644,931
2016	4,873,062

## **Community Preservation Act Fund**

The Community Preservation Act (C.P.A.) fund is used to account for the activities prescribed by Massachusetts General Laws. Revenues are derived, primarily, from property tax surcharges and state aid. Expenditures are allowed for affordable housing, historic preservation and for open space.

The Community Preservation Act expenditures are typically project driven. During 2016, the C.P.A. fund's revenues and other sources exceeded the expenditures and other uses by \$134,965. The increase in fund balance in the C.P.A. fund is partially the result of revenues exceeding the amount budgeted by \$37,396, but primarily due to projects carrying into the subsequent fiscal year. The C.P.A. fund still maintains a sizable restricted fund balance (\$4,921,707).

## **Proprietary Funds**

**Enterprise Funds** The Town of Acton, Massachusetts' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted Net Position of the Sanitation Enterprise Fund at the end of the year was \$555,214 and the decrease in net position was \$1,064,614. Unrestricted Net Position of the Sewer Enterprise Fund at the end of the year was \$16,845,576 and the decrease in net position was \$515,537. Information about the reasons for the changes in net position is addressed in the Government-Wide section of the notes to the financial statements.

## **General Fund Budgetary Highlights**

The Town authorizes a bottom line budget in order to provide flexibility within the budget process. The budget is monitored and managed by the Town Manager and the Finance Director. The Town Manager may allow a department to overspend its budget as long as the Town's total expenditures and encumbrances do not exceed the total approved budget. Since Town meeting authorizes a bottom line budget, transfers to offset departmental deficits are not required to be made.

The differences between the original budget and the final amended budget are due to special Town meeting votes.

Conservative budget estimates allowed the Town to experience favorable operating results for both revenues and expenditures. Positive budgetary variances occurred in substantially all revenue categories. Property taxes/tax liens revenue exceeded their budgets by \$234,116 and \$410,864, respectively, licenses and permits revenue exceeded their budget by \$365,873, penalties and interest revenues exceeded their budget by \$100,491 and excise tax revenues exceeded its budget by \$85,722.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Acton, Massachusetts' investments in capital assets for its governmental and business type activities as of June 30, 2016, amounts to \$133,339,974 (net of accumulated depreciation) an increase of \$378,446 from the prior fiscal year. This investment in capital assets includes land, buildings, improvements, infrastructure, equipment and vehicles.

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

### **Governmental Activities**

- Equipment - 2015 John Deere Loader/Backhoe (\$165,750)
- Equipment - 2016 Mack Dump Truck (\$147,612)
- Equipment - Various (\$221,902)
- Vehicles - Various (\$276,295)
- Roads - (\$224,611)
- Land - 176 Central Street (\$432,453)
- Land - Main Street (\$1,802,096)

## Business Type Activities

- There were not any major capital acquisitions in fiscal year 2016 in the Business Type Activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 67,273,589	\$ 65,008,926	\$ 534,769	\$ 534,769	\$ 67,808,358	\$ 65,543,695
Construction in Progress	108,170	-	-	-	108,170	-
Buildings	10,321,898	10,718,776	5,329,228	5,670,074	15,651,126	16,388,850
Improvements Other Than Buildings	943,276	1,056,717	31,513	33,953	974,789	1,090,670
Infrastructure	34,584,318	35,319,634	10,243,960	10,635,577	44,828,278	45,955,211
Equipment	2,787,170	2,727,579	355,845	427,589	3,143,015	3,155,168
Vehicles	826,238	827,934	-	-	826,238	827,934
Total	<u>\$ 116,844,659</u>	<u>\$ 115,659,566</u>	<u>\$ 16,495,315</u>	<u>\$ 17,301,962</u>	<u>\$ 133,339,974</u>	<u>\$ 132,961,528</u>

Additional capital asset disclosures can be found in Note III-C of the accompanying financial statements.

## Debt

The Town had \$30,227,424 in bonds payable, outstanding on June 30, 2016. This represents a \$3,022,526 or 9.1% decrease from the previous year.

The Town's bond rating by Standard and Poor's is AAA.

<u>Governmental Activities</u>	<u>Outstanding General Obligation Bonds</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
General Obligation Bonds Payable	\$ 15,063,024	\$ 17,249,750	(2,186,726.00)
<b>Business-type Activities</b>			
Sewer	15,164,400	16,000,200	(835,800)
Total Debt	<u>\$ 30,227,424</u>	<u>\$ 33,249,950</u>	<u>\$ (3,022,526)</u>

Additional information on long term debt can be found in Note III-D of the accompanying financial statements.

## Fiscal Year 2017 Budget

An initiative state statute, commonly known as "Proposition 2 ½", limits the amount of property taxes that Town can assess in any one year. In general, the Town's property tax levy may increase by 2 ½ percent over the prior year's tax levy, plus any additional amount derived by new developments or other changes made to existing property (i.e "new growth"). If a community wishes to levy taxes above the limitations imposed by "Proposition 2 ½", it is necessary to obtain the approval of a majority of the voters at an election.

The Town's budget for fiscal year 2017 is \$96,059,995. Although the Town utilized reserves to help fund the 2017 budget, a healthy "free cash" balance remained as of June 30, 2016.

## **Requests for Information**

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

Office of the Finance Director  
Town of Acton Massachusetts  
472 Main Street  
Acton, MA 01720

# BASIC FINANCIAL STATEMENTS

Town of Acton, Massachusetts  
Statement of Net Position  
June 30, 2016

	Primary Government			Component Unit
	Governmental	Business - Type		Acton Community
	Activities	Activities	Total	Housing Corporation
<b>Assets</b>				
Current:				
Cash and Cash Equivalents	\$ 23,221,746	\$ 6,197,487	\$ 29,419,233	\$ 200,763
Investments	5,468,481	-	5,468,481	-
Accounts Receivable:				
Property Taxes	594,678	-	594,678	-
Tax Liens	1,312,716	-	1,312,716	-
Motor Vehicle Excise	373,523	-	373,523	-
User Charges	188,220	87,208	275,428	-
Special Assessments	47,267	725,055	772,322	-
Departmental	114,072	-	114,072	-
Intergovernmental	3,051,090	-	3,051,090	-
Liens	-	63,676	63,676	-
Due from Town of Acton	-	-	-	650,860
<b>Total Current Assets</b>	<b>34,371,793</b>	<b>7,073,426</b>	<b>41,445,219</b>	<b>851,623</b>
Noncurrent:				
Accounts Receivable:				
Intergovernmental	5,536,036	-	5,536,036	-
Clause 41 A Property Taxes	209,419	-	209,419	-
Special Assessments Not Yet Due	-	10,552,888	10,552,888	-
Other Post Employment Benefit Net Asset	-	5,243	5,243	-
Capital Assets:				
Assets Not Being Depreciated	67,381,759	534,769	67,916,528	-
Assets Being Depreciated, Net	49,462,900	15,960,546	65,423,446	-
<b>Total Noncurrent Assets</b>	<b>122,590,114</b>	<b>27,053,446</b>	<b>149,643,560</b>	<b>-</b>
<b>Total Assets</b>	<b>156,961,907</b>	<b>34,126,872</b>	<b>191,088,779</b>	<b>851,623</b>
<b>Deferred Outflows of Resources</b>				
Pensions	2,476,356	-	2,476,356	-
Debt Refunding Issue	364,583	-	364,583	-
<b>Total Deferred Outflows of Resources</b>	<b>2,840,939</b>	<b>-</b>	<b>2,840,939</b>	<b>-</b>
<b>Liabilities</b>				
Current:				
Warrants Payable	695,270	53,411	748,681	-
Accrued Salaries Payable	301,117	2,999	304,116	-
Accrued Interest	183,222	96,393	279,615	-
Compensated Absences	74,729	2,201	76,930	-
Lease Payable	96,732	24,152	120,884	-
Landfill Closure/Postclosure	2,500	-	2,500	-
Notes Payable	900,000	-	900,000	-
Other	116,016	-	116,016	5,519
Bonds Payable	2,166,725	862,800	3,029,525	-
<b>Total Current Liabilities</b>	<b>4,536,311</b>	<b>1,041,956</b>	<b>5,578,267</b>	<b>5,519</b>
Noncurrent:				
Compensated Absences	298,915	8,802	307,717	-
Lease Payable	166,974	24,586	191,560	-
Landfill Closure/Postclosure	45,000	-	45,000	-
Other Post Employment Benefit Obligations	14,016,728	66,961	14,083,689	-
Net Pension Liability	44,369,446	-	44,369,446	-
Other	1,618,138	-	1,618,138	-
Bonds Payable	12,896,299	14,301,600	27,197,899	-
<b>Total Noncurrent Liabilities</b>	<b>73,411,500</b>	<b>14,401,949</b>	<b>87,813,449</b>	<b>-</b>
<b>Total Liabilities</b>	<b>77,947,811</b>	<b>15,443,905</b>	<b>93,391,716</b>	<b>5,519</b>
<b>Deferred Inflows of Resources</b>				
Pensions	142,929	-	142,929	-
Debt Refunding Issue	15,000	-	15,000	-
<b>Total Deferred Inflows of Resources</b>	<b>157,929</b>	<b>-</b>	<b>157,929</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	111,660,065	1,282,177	112,942,242	-
Restricted for:				
Community Preservation	4,934,134	-	4,934,134	-
Ambulance Services	828,979	-	828,979	-
Gifts and Grants	4,792,867	-	4,792,867	-
Permanent Funds:				
Expendable	2,016,918	-	2,016,918	-
Nonexpendable	2,071,217	-	2,071,217	-
Unrestricted	(44,607,074)	17,400,790	(27,206,284)	846,104
<b>Total Net Position</b>	<b>\$ 81,697,106</b>	<b>\$ 18,682,967</b>	<b>\$ 100,380,073</b>	<b>\$ 846,104</b>

Town of Acton, Massachusetts  
Statement of Activities  
Fiscal Year Ended June 30, 2016

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position							
	Expenses	Program Revenues			Primary Government		Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Acton Community Housing Corporation
<b>Primary Government:</b>								
<i>Governmental Activities:</i>								
General Government	\$ 8,114,019	\$ 537,334	\$ 849,555	\$ -	\$ (6,727,130)	\$ -	\$ (6,727,130)	\$ -
Public Safety	9,451,107	1,553,846	137,875	-	(7,759,386)	-	(7,759,386)	-
Education	54,096,552	-	-	-	(54,096,552)	-	(54,096,552)	-
Highways and Public Works	4,017,148	2,229	887,016	152,695	(2,975,208)	-	(2,975,208)	-
Human Services	3,397,297	899,655	346,708	-	(2,150,934)	-	(2,150,934)	-
Culture and Recreation	1,999,666	438,890	91,037	-	(1,469,739)	-	(1,469,739)	-
Employee Benefits and Insurance	8,603,930	-	-	-	(8,603,930)	-	(8,603,930)	-
Debt Service	462,504	-	-	-	(462,504)	-	(462,504)	-
<b>Total Governmental Activities</b>	<b>90,142,223</b>	<b>3,431,954</b>	<b>2,312,191</b>	<b>152,695</b>	<b>(84,245,383)</b>	<b>-</b>	<b>(84,245,383)</b>	<b>-</b>
<i>Business-Type Activities:</i>								
Sanitation	608,863	540,682	3,567	-	-	(64,614)	(64,614)	-
Sewer	2,281,636	872,133	845,649	48,317	-	(515,537)	(515,537)	-
<b>Total Business-Type Activities</b>	<b>2,890,499</b>	<b>1,412,815</b>	<b>849,216</b>	<b>48,317</b>	<b>-</b>	<b>(580,151)</b>	<b>(580,151)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 93,032,722</b>	<b>\$ 4,844,769</b>	<b>\$ 3,161,407</b>	<b>\$ 201,012</b>	<b>(84,245,383)</b>	<b>(580,151)</b>	<b>(84,825,534)</b>	<b>-</b>
<b>Component Units:</b>								
Acton Community Housing Corporation	\$ 173,375	\$ -	\$ 178,331	\$ -	-	-	-	4,956
<b>Total Component Unit</b>	<b>\$ 173,375</b>	<b>\$ -</b>	<b>\$ 178,331</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,956</b>
<i>General Revenues:</i>								
Property Taxes					78,118,399	-	78,118,399	-
Motor Vehicle and Other Excise Taxes					3,444,387	-	3,444,387	-
Penalties and Interest on Taxes					227,064	-	227,064	-
Other Taxes, Assessments and in Lieu Payments					15,006	-	15,006	-
Intergovernmental - Unrestricted					1,592,198	-	1,592,198	-
Interest and Investment Income					74,847	-	74,847	-
Other Revenue					36,623	-	36,623	-
Transfer In (Out)					1,000,000	(1,000,000)	-	-
<b>Total General Revenues and Transfers</b>					<b>84,508,524</b>	<b>(1,000,000)</b>	<b>83,508,524</b>	<b>-</b>
<b>Change in Net Position</b>					<b>263,141</b>	<b>(1,580,151)</b>	<b>(1,317,010)</b>	<b>4,956</b>
<b>Net Position:</b>								
Beginning of the Year					81,433,965	20,263,118	101,697,083	841,148
<b>End of the Year</b>					<b>\$ 81,697,106</b>	<b>\$ 18,682,967</b>	<b>\$ 100,380,073</b>	<b>\$ 846,104</b>

Town of Acton, Massachusetts  
Balance Sheet  
Governmental Funds  
June 30, 2016

	<u>General</u>	<u>Community Preservation Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 14,128,743	\$ 4,921,734	\$ 4,171,269	\$ 23,221,746
Investments	1,380,346		4,088,135	5,468,481
<b>Accounts Receivable:</b>				
Property Taxes	589,247	5,431	-	594,678
Tax Liens	1,305,720	6,996	-	1,312,716
Motor Vehicle Excise	373,523	-	-	373,523
User Charges	29,364	-	158,856	188,220
Clause 41A Property Taxes	209,419	-	-	209,419
Special Assessments	-	-	47,267	47,267
Departmental	20,560	-	93,512	114,072
Intergovernmental	6,458,709	-	2,128,417	8,587,126
Tax Foreclosures	250,341	-	-	250,341
Due from Other Funds	252,531	-	-	252,531
Total Assets	<u>\$ 24,998,503</u>	<u>\$ 4,934,161</u>	<u>\$ 10,687,456</u>	<u>\$ 40,620,120</u>
<b>Liabilities:</b>				
Warrants Payable	\$ 462,295	\$ 27	\$ 232,948	\$ 695,270
Accrued Payroll Payable	255,195	-	45,922	301,117
Due to Other Funds	-	-	252,531	252,531
Other Liabilities	5,174	-	-	5,174
Notes Payable	-	-	900,000	900,000
Total Liabilities	<u>722,664</u>	<u>27</u>	<u>1,431,401</u>	<u>2,154,092</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	8,848,407	12,427	2,160,813	11,021,647
Total Deferred Inflows of Resources	<u>8,848,407</u>	<u>12,427</u>	<u>2,160,813</u>	<u>11,021,647</u>
<b>Fund Equity:</b>				
<b>Fund Balances:</b>				
Nonspendable	-	-	2,104,167	2,104,167
Restricted	-	4,921,707	5,230,884	10,152,591
Committed	1,495,255	-	810,167	2,305,422
Assigned	3,783,178	-	-	3,783,178
Unassigned	10,148,999	-	(1,049,976)	9,099,023
Total Fund Balances	<u>15,427,432</u>	<u>4,921,707</u>	<u>7,095,242</u>	<u>27,444,381</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,998,503</u>	<u>\$ 4,934,161</u>	<u>\$ 10,687,456</u>	<u>\$ 40,620,120</u>

Town of Acton, Massachusetts  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Government-wide Statement of Net Position  
June 30, 2016

Total Governmental Fund Balances	\$ 27,444,381
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	116,844,659
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds	10,771,306
Certain changes in the net pension liability are required be included in the pension expense in future periods. These changes are reported as deferred outflows/(deferred inflows) of resources related to pensions.	
Deferred Outflows of Resources - Pensions	2,476,356
Deferred Inflows of Resources - Pensions	(142,929)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due	(183,222)
Deferred Outflows/Inflows of Resources on Debt Refundings are required to be reported in the statement of net position and amortized as expenses in future periods.	
Deferred Outflows of Resources - Debt Refunding	364,583
Deferred Inflows of Resources - Debt Refunding	(15,000)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds Payable	(15,063,024)
Compensated Absences	(373,644)
Lease Payable	(263,706)
Other Liabilities	(1,728,980)
Landfill Closure/Postclosure Costs	(47,500)
Other Post Employment Benefit Obligations	(14,016,728)
Net Pension Liability	<u>(44,369,446)</u>
Net Position of Governmental Activities	<u>\$ 81,697,106</u>

Town of Acton, Massachusetts  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Community Preservation Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Property Taxes	\$ 76,982,722	\$ 910,368	\$ -	\$ 77,893,090
Tax Liens	410,863	3,573	-	414,436
Excises	3,319,183	-	-	3,319,183
Penalties and Interest	225,491	1,573	-	227,064
Licenses and Permits	565,873	-	65,340	631,213
Fees and Other Departmental	770,465	-	-	770,465
Intergovernmental	2,594,473	259,489	1,104,554	3,958,516
Charges for Services	37,265	-	1,838,217	1,875,482
Fines and Forfeits	125,975	-	-	125,975
Earnings on Investments	74,848	15,898	154,329	245,075
In Lieu of Taxes	15,006	-	-	15,006
Contributions	-	-	210,475	210,475
Miscellaneous	30,623	-	-	30,623
Total Revenues	<u>85,152,787</u>	<u>1,190,901</u>	<u>3,372,915</u>	<u>89,716,603</u>
<u>Expenditures:</u>				
Current				
General Government	8,551,236	944,341	680,201	10,175,778
Public Safety	7,871,066	-	1,260,235	9,131,301
Education	54,096,552	-	-	54,096,552
Intergovernmental	238,057	-	-	238,057
Highways and Public Works	3,123,866	-	557,123	3,680,989
Human Services	2,321,420	102,397	948,939	3,372,756
Culture and Recreation	1,388,546	9,198	436,500	1,834,244
Employee Benefits and Insurance	7,381,406	-	-	7,381,406
Debt Service				
Principal	2,065,990	-	-	2,065,990
Interest	553,739	-	-	553,739
Capital Outlay	-	-	9,049	9,049
Total Expenditures	<u>87,591,878</u>	<u>1,055,936</u>	<u>3,892,047</u>	<u>92,539,861</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,439,091)</u>	<u>134,965</u>	<u>(519,132)</u>	<u>(2,823,258)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	1,098,616	-	493,300	1,591,916
Transfers (Out)	(396,439)	-	(195,477)	(591,916)
Capital Lease Financing	313,362	-	-	313,362
Total Other Financing Sources (Uses)	<u>1,015,539</u>	<u>-</u>	<u>297,823</u>	<u>1,313,362</u>
Net Change in Fund Balance	<u>(1,423,552)</u>	<u>134,965</u>	<u>(221,309)</u>	<u>(1,509,896)</u>
Fund Balance, Beginning	16,850,984	4,786,742	7,316,551	28,954,277
Fund Balance, Ending	<u>\$ 15,427,432</u>	<u>\$ 4,921,707</u>	<u>\$ 7,095,242</u>	<u>\$ 27,444,381</u>

Town of Acton, Massachusetts  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds  
to the Government-wide Statement of Activities  
Fiscal Year Ended June 30, 2016

Net Change in Fund Balances -Total Governmental Funds \$ (1,509,896)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	3,403,003	
Depreciation	(2,223,910)	
Net Effect of Reporting Capital Assets	1,179,093	1,179,093

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported. This represents the difference in reporting the sale of capital assets. 6,000

Revenues in the Statement of Activities that do not provide current financial resources are fully unearned 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 unearned revenue from the prior fiscal year. (317,239)

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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. This amount reflects the net effect of these differences in the treatment of long-term debt and related items.

Amortization of Premium from Bond	85,354	
Capital Lease Issuance	(313,362)	
Capital Lease Principal Payments	154,804	
Principal Payments on Bonds	2,101,372	
Net Effect of Reporting Long Term Debt	2,028,168	2,028,168

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These amounts represent the change in these accounts from the prior fiscal year.

Compensated Absence Payable Accrual	15,728	
Landfill Closure/Postclosure Payable	2,500	
Accrued Interest Payable	21,333	
Other Post Employment Benefits Payable	(98,212)	
Deferred Outflows/Inflows - Refunding Issues	(50,834)	
Deferred Outflows/Inflows - Pensions	2,194,798	
Other Long Term Liability	110,812	
Net Pension Liability	(3,319,110)	
Net Effect of Reporting Other Items	(1,122,985)	(1,122,985)

Change in Net Position of Governmental Activities \$ 263,141

Town of Acton, Massachusetts  
Statement of Net Position  
Proprietary Funds  
June 30, 2016

	<u>Sanitation</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and Cash Investments	\$ 567,392	\$ 5,630,095	\$ 6,197,487
Accounts Receivable, Net of Allowance for Uncollectible:			
User Charges	-	87,208	87,208
Special Assessments	-	725,055	725,055
Liens	-	63,676	63,676
Total Current Assets	<u>567,392</u>	<u>6,506,034</u>	<u>7,073,426</u>
Noncurrent:			
Accounts Receivable:			
Special Assessments	-	10,552,888	10,552,888
Other Post Employment Benefit Net Asset	5,243	-	5,243
Assets Not Being Depreciated	435,300	99,469	534,769
Assets Being Depreciated, Net	434,619	15,525,927	15,960,546
Total Noncurrent Assets	<u>875,162</u>	<u>26,178,284</u>	<u>27,053,446</u>
Total Assets	<u>1,442,554</u>	<u>32,684,318</u>	<u>34,126,872</u>
<b>Liabilities</b>			
Current:			
Warrants Payable	3,419	49,992	53,411
Accrued Wages Payable	2,999	-	2,999
Accrued Interest Payable	-	96,393	96,393
Compensated Absences	2,201	-	2,201
Lease Payable	24,152	-	24,152
Bonds Payable	-	862,800	862,800
Total Current Liabilities	<u>32,771</u>	<u>1,009,185</u>	<u>1,041,956</u>
Noncurrent:			
Compensated Absences	8,802	-	8,802
Lease Payable	24,586	-	24,586
Other Post Employment Benefit Obligations	-	66,961	66,961
Bonds Payable	-	14,301,600	14,301,600
Total Noncurrent Liabilities	<u>33,388</u>	<u>14,368,561</u>	<u>14,401,949</u>
Total Liabilities	<u>66,159</u>	<u>15,377,746</u>	<u>15,443,905</u>
<b>Net Position</b>			
Net Investment in Capital Assets	821,181	460,996	1,282,177
Unrestricted	555,214	16,845,576	17,400,790
<b>Total Net Position</b>	<u>\$ 1,376,395</u>	<u>\$ 17,306,572</u>	<u>\$ 18,682,967</u>

Town of Acton, Massachusetts  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Fiscal Year Ended June 30, 2016

	<u>Sanitation</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 540,682	\$ 872,133	\$ 1,412,815
Total Operating Revenues	<u>540,682</u>	<u>872,133</u>	<u>1,412,815</u>
Operating Expenditures:			
General Services	533,244	743,016	1,276,260
Depreciation	75,619	731,028	806,647
Total Operating Expenditures	<u>608,863</u>	<u>1,474,044</u>	<u>2,082,907</u>
Operating Income (Loss)	<u>(68,181)</u>	<u>(601,911)</u>	<u>(670,092)</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	-	699,417	699,417
Committed Interest	-	131,459	131,459
Special Assessments	-	48,317	48,317
Earnings on Investments	3,567	14,773	18,340
Interest on Debt	-	(807,592)	(807,592)
Total Nonoperating Revenues (Expenses)	<u>3,567</u>	<u>86,374</u>	<u>89,941</u>
Income (Loss) Before Transfers	<u>(64,614)</u>	<u>(515,537)</u>	<u>(580,151)</u>
Transfers Out	<u>(1,000,000)</u>	-	<u>(1,000,000)</u>
Total Transfers	<u>(1,000,000)</u>	-	<u>(1,000,000)</u>
Change in Net Position	<u>(1,064,614)</u>	<u>(515,537)</u>	<u>(1,580,151)</u>
Total Net Position - Beginning	<u>2,441,009</u>	<u>17,822,109</u>	<u>20,263,118</u>
Total Net Position - Ending	<u>\$ 1,376,395</u>	<u>\$ 17,306,572</u>	<u>\$ 18,682,967</u>

Town of Acton, Massachusetts  
Statement of Cash Flows  
Proprietary Fund  
Fiscal Year Ended June 30, 2016

	<u>Sanitation</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 540,682	\$ 872,736	\$ 1,413,418
Payments to Employees	3,855	-	3,855
Payments to Vendors	(564,573)	(745,233)	(1,309,806)
<b>Net Cash Flows Provided (Used) by Operating Activities</b>	<u>(20,036)</u>	<u>127,503</u>	<u>107,467</u>
<b>Cash Flows from Non Capital Related Financing Activities:</b>			
Transfer to Other Funds	(1,000,000)	-	(1,000,000)
<b>Net Cash Flows Provided (Used) by Non Capital Related Financing Activities</b>	<u>(1,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Special Assessments	-	882,491	882,491
Committed Interest on Special Assessments	-	131,459	131,459
Lease Payments	(23,403)	-	(23,403)
Principal Payments on Bonds	-	(700,086)	(700,086)
Interest Expense	-	(251,800)	(251,800)
<b>Net Cash Flows Provided (Used) by Capital and Related Financing Activities</b>	<u>(23,403)</u>	<u>62,064</u>	<u>38,661</u>
<b>Cash Flows from Investing Activities:</b>			
Earnings on Investments	3,567	14,773	18,340
<b>Net Cash Flows Provided (Used) by Investing Activities</b>	<u>3,567</u>	<u>14,773</u>	<u>18,340</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,039,872)	204,340	(835,532)
<b>Cash and Cash Equivalents, July 1, 2015</b>	<u>1,607,264</u>	<u>5,425,755</u>	<u>7,033,019</u>
<b>Cash and Cash Equivalents, June 30, 2016</b>	<u>\$ 567,392</u>	<u>\$ 5,630,095</u>	<u>\$ 6,197,487</u>
<b>Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (68,181)	\$ (601,911)	\$ (670,092)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	75,619	731,028	806,647
(Increase) Decrease in Assets:			
Accounts Receivable - Customer	-	603	603
Other Post Employment Benefits Asset	2,731	-	2,731
Increase (Decrease) in Liabilities:			
Warrants, Wages, Absences and Accounts Payables	(30,205)	(1,829)	(32,034)
Other Post Employment Benefits Liability	-	(388)	(388)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (20,036)</u>	<u>\$ 127,503</u>	<u>\$ 107,467</u>
<b>Schedule of non-cash capital and related financing activities:</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Acton, Massachusetts  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

	Private Purpose Trust Fund <u>Charity</u>	Other Post Employment Benefits <u>Trust</u>	Agency <u>Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,569,979
Investments	288,914	2,369,675	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 288,914</u>	<u>\$ 2,369,675</u>	<u>\$ 1,569,979</u>
<b>Liabilities</b>			
Warrants Payable	\$ -	\$ -	\$ 8,297
Due to Component Unit	-	-	650,860
Other	-	-	910,822
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,569,979</u>
<b>Net Position</b>			
Held in Trust for OPEB Benefits and Other Purposes	<u>\$ 288,914</u>	<u>\$ 2,369,675</u>	<u>\$ -</u>

Town of Acton, Massachusetts  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Fiscal Year Ended June 30, 2016

	Private Purpose Trust Fund <u>Charity</u>	Other Post Employment Benefits <u>Trust</u>
Additions:		
Employer Contributions	\$ -	\$ 566,800
Net Investment Income	<u>11,009</u>	<u>39,853</u>
Total Additions	<u>11,009</u>	<u>606,653</u>
Deductions:		
Trust Distributions	<u>1,713</u>	<u>-</u>
Change in Net Position	<u>9,296</u>	<u>606,653</u>
Net Position:		
Beginning of the Year	<u>279,618</u>	<u>1,763,022</u>
Ending of the Year	<u>\$ 288,914</u>	<u>\$2,369,675</u>

Town of Acton, Massachusetts  
Notes to the Financial Statements  
June 30, 2016

I. **Summary of Significant Accounting Policies**

The accounting policies of the Town of Acton, Massachusetts, as reflected in the accompanying financial statements for the year ended June 30, 2016, conform to accounting principles generally accepted in the United States of America for local government units. The more significant accounting policies of the Town are summarized below.

(A) **Reporting Entity**

The Town is a municipal corporation governed by a five member Board of Selectmen. For financial reporting purposes, the Town has included all funds, organizations, 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. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

**Discretely Presented Component Unit**

Based on the aforementioned criteria, the Acton Community Housing Corporation (ACHC) was considered a component unit and included in the accompanying basic financial statements as a discretely presented component unit. The ACHC was created by Special Legislation enacted in 1996 “for the purpose of investigating and implementing alternatives for the provision of and to provide for affordable housing for persons of low, moderate and middle income and other persons whose needs may be determined from time to time.” The Town of Acton is financially accountable for the ACHC because the Board of Directors of the ACHC (not less than five) is appointed by the Town of Acton’s Board of Selectmen and the Town of Acton can impose its will on the ACHC. The separately issued financial statements may be obtained from the Acton Community Housing Corporation.

(B) **Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

### *Major Fund Criteria*

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

- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

## (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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions (restricted in use for capital items). Taxes and other revenues not categorized as program revenues are reported as general revenues.

### Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. These revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary sources of revenue considered susceptible to accrual consist principally of real estate and personal property taxes and motor vehicle excise taxes provided they are collected within 60 days after year end. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other

eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated vacation, accumulated sick pay and other employee amounts which are not to be liquidated from expendable and available resources; and (2) debt service expenditures which are recognized when due.

The Town reports the following major governmental funds:

**General Fund** – This is the Town’s general operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

**Community Preservation Fund** – This special revenue fund is used to account for the activities prescribed by the Community Preservation Act (CPA) of the Massachusetts General Laws. The primary sources of revenues for the fund are a property tax surcharge and an annual grant from the Commonwealth of Massachusetts. A local ballot referendum approved a 1 1/2 % surcharge that is added to the property tax bills (state law allows a maximum of a 3.0% surcharge). The grant from the Commonwealth is distributed from the Community Preservation Act Trust Fund. Trust fund revenues are derived from a surcharge placed on all real estate transactions at the state's Registries of Deeds. Each CPA community receives their distribution from the trust fund at a formula-based percentage of what they raised locally. Expenditures are allowed for affordable housing, historic preservation and the purchase of open space.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following types of funds are included in the nonmajor category:

The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

**Sanitation Fund** – This fund is used to account for the activities related to trash collection.

**Sewer Fund** – This fund is used to account for the activities related to the sewer system.

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 governmental programs.

The following fiduciary fund types are reported:

The *other postemployment benefit trust fund* is used to accumulate resources for future other postemployment benefits (OPEB) liabilities.

The private-purpose trust fund is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion to be spent. The Town maintains a private purpose trust fund for several charitable trusts funds.

The agency fund is used to account for assets held in a purely custodial capacity. The Town's agency funds consist primarily of payroll withholdings, police and fire details, escrow deposits and unclaimed property.

(D) Assets, Deferred Outflows, Liabilities, Deferred Outflows/Inflows and Net Position or Equity

i Deposits and Investments

The Town's cash and cash equivalents are considered to be demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain prescribed levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust "MMDT". The Town may invest its trust funds in a wider variety of investment vehicles such as equities and bonds.

ii Property Taxes

The Town's fiscal year runs from July 1 to June 30. Taxes are levied to the owner of record on the preceding January 1. The Town bills property taxes on a quarterly basis. Quarterly payments are due August 1, November 1, February 1 and May 1. Property taxes attach as enforceable liens on property as of July 1 of the next fiscal year.

The Town is permitted under state law (Proposition 2 ½) to levy property taxes up to 2.5% of the full and fair cash value of the Town’s property. In addition, the law limits the amount by which the property tax levy can be increased to 2.5% of the preceding year’s levy plus any new growth. An increase above the levy limits of Proposition 2 ½ may approved by a vote of the Town’s citizens.

iii Capital Assets

Capital assets, which include buildings/improvements, machinery and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are, also, reported in the fund financial statements of the proprietary funds. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives is not capitalized.

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

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10- 40
Improvements (Other Than Buildings)	10-20
Infrastructure	40
Vehicles	5-15
Machinery and Equipment	5-15

iv. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and the 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town’s governmental fund financial statements (balance sheet) reflect deferred inflows of resources for revenues that do not meet the “available” criteria. The government wide financial statements (statement of net position) reflect deferred outflows and deferred inflows of resources related to pensions. In addition, the statement of net position reflects deferred outflows and deferred inflows of resources related to debt refunding issues.

v. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows.

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when there is an externally imposed restriction on its use or it is limited by enabling legislation.

When expenditures are incurred for purposes for which different net position classifications could be used, the Town’s policy is to use restricted amounts first followed by unrestricted amounts.

Fund Financial Statements (Fund Balances)

Fund balance for **governmental** funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to the constraints on the specific purposes for which the amounts in those funds can be spent.

GASB 54 requires that the fund balance amounts to be reported within one of the fund balance categories list below.

1. **Nonspendable**, includes amounts that cannot be spent because (a) they are not in spendable form (such as fund balance associated with inventories), or (b) they are legally or contractually required to stay intact (i.e. corpus of a permanent trust fund).
2. **Restricted**, constraints on the use of resources for specific purposes are imposed (a) by creditors, grantors or contributors, or (b) by law through constitutional provisions or through enabling legislation.
3. **Committed**, includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. For the Town, Town Meeting is the highest level of decision making authority that can vote, by article, to commit fund balance. Once committed, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to remove or revise the commitment.
4. **Assigned**, intentions (by the Board of Selectmen, Town Administrator or Town Accountant) that resources are to be used by the government for specific purposes, but the restrictions do not meet the criteria necessary to be classified as restricted or committed.
5. **Unassigned**, the residual classification for the government’s general fund. It includes all spendable amounts not contained in the restricted, committed or assigned categories. A “positive” unassigned may only be displayed in the general fund.

When expenditures are incurred for purposes for which different fund balance classifications could be used, the Town’s policy is to use restricted amounts first, followed by committed, assigned and then unassigned amounts.

vi. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on contractual agreements. The liabilities for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid accumulated annual vacation and sick leave benefits. A liability for the compensated absences is reported in the governmental funds only if they have matured and will be paid from available resources.

vii. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and principal payments are recorded as expenditures. Issuance costs are reported as expenditures.

viii. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ix. Warrants Payable

The balance in this account consists of those warrants approved by the Selectmen for payment between July 1, 2016 and July 15, 2016. These warrants have been recorded as expenditures during the fiscal year ended June 30, 2016 and the corresponding credit is to the account entitled warrants payable.

x. Total Column

*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

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.

xi. Pensions

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 Middlesex County Retirement System and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## II Stewardship, Compliance and Accountability

### (A) Budgetary Information

#### i General Budget Policies

Budget requests are prepared by the various Town departments and submitted to the Selectmen and Finance Committee for review during January, February and March of each year. The Selectmen and Finance Committee have until April, which is when the annual Town meeting is held, to make any changes to the departmental requests. After approval of the budget at the annual Town meeting, the tax recapitulation (recap) sheet is prepared. During this process, the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval.

The Town authorizes a bottom line budget in order to provide flexibility within the budget process. The budget is monitored and managed by the Town Manager and the Finance Director. The Town Manager may allow a department to overspend its budget as long as the Town's total expenditures and encumbrances do not exceed the total approved budget. Since Town meeting authorizes a bottom line budget, transfers to offset departmental deficits are not required to be made.

Formal budgetary integration is utilized in the General Fund. In addition, it is used in the Community Preservation Act special revenue major fund and in the Transfer Station, Septage and Ambulance non major special revenue funds. The Sanitation and Sewer Enterprise funds, also, adopt formal budgets.

Encumbrance accounting is utilized when purchase orders, contracts or other commitments for purchases are recorded in order to reserve that portion of the applicable appropriations. Encumbrances do not constitute expenditures or liabilities.

At year end, appropriation balances lapse except for encumbrances and certain "articles voted" (that may be carried forward until the project is complete).

#### ii Budget Basis of Accounting

The final budget appearing in the required supplementary information section of the financial statements includes the fiscal year 2016 annual/Town meeting voted amounts adjusted for any special Town meeting votes applicable to fiscal 2016 and any transfers authorized by the Finance Committee.

The following reconciliation summarizes the differences between the general fund budget basis and the Generally Accepted Accounting Principles (GAAP) basis (fund financial

statements) for the year ended June 30, 2016. The budget basis for the Community Preservation Act fund is GAAP.

	<u>Revenues</u>
As Reported Budget Basis	\$ 84,988,824
Adjustments:	
Sixty Day Accrual - Net	157,585
MWPAT Subsidies	6,378
As Reported GAAP Statement	<u>\$ 85,152,787</u>
	<u>Expenditures</u>
As Reported Budget Basis	\$ 87,272,138
Adjustments:	
Expenditures related to Capital Lease Financing	313,362
MWPAT Subsidies	6,378
As Reported GAAP Statement	<u>\$ 87,591,878</u>

iii Fund Deficits and Appropriation Deficits

At June 30, 2016, individual fund deficits existed as follows:

<u>Nonmajor Governmental Funds</u>	
Town Grants	\$453,770
Town Revolving Funds	7,724
Capital Projects	<u>899,329</u>
Total	<u>\$1,360,823</u>

These Town Grant deficits will be funded through grant proceeds in fiscal year 2017. The Revolving Fund deficit will be funded with fiscal year 2017 revenues. The capital projects deficit has a related \$900,000 short term borrowing issued. The deficit will be funded when the long term debt is issued.

III Detailed Notes on All Funds

A. Deposits and Investments

i.) Deposits

a.) Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Massachusetts General Laws Chapter 44 Section 55 provide that municipalities "shall not at any one time have on deposit in a bank or trust company or banking company an amount exceeding sixty per cent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given". As of June 30, 2016, the Town's bank balance was \$31,515,985 and \$12,814,006 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The Town does not have a formal policy regarding custodial credit risk on deposits.

ii.) Investments

a.) As of June 30, 2016, the Town had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>5-10</u>
<b>Debt Related Securities:</b>				
U.S. Treasuries	\$ 1,003,005	\$ 250,119	\$ 752,886	\$ -
Government Agencies	202,964	202,964	-	-
Total Debt Related Securities	<u>1,205,969</u>	<u>453,083</u>	<u>752,886</u>	<u>-</u>

<u>Investment Type</u>	<u>Fair Value</u>
<b>Other Investments:</b>	
Money Market Mutual Funds	1,510,080
Equities	1,659,880
Pension Reserve Investment Trust	2,369,675
Mass. Municipal Depository Trust	<u>1,381,466</u>
Total Other Investments	<u>6,921,101</u>
Total Investments	<u>\$ 8,127,070</u>

The Town is a participant in the State Retiree Benefits Trust Fund (SRBTF). The Town's other post employment benefits trust funds are invested by the SRBTF in the Pension Reserve Investment Trust (PRIT) Fund, which is a pooled investment trust. The SRBTF meets the criteria of an external investment pool. The PRIT Fund is managed by the Pension Reserves Investment Management (PRIM) Board. The Town owns units or shares in the PRIT Fund's General Allocation Account. The fair values of the positions in each investment pool are the same as the value of each Pool's share. The investments of the pool are measured at net asset value method. At June 30, 2016, the effective weighted duration of the debt investments ranged from .045 years to 22.6 years. The Pool is not rated.

In addition, the Town is a participant in Massachusetts Municipal Depository Trust (MMDT) a pooled investment trust established by the Commonwealth of Massachusetts. MMDT offers a cash portfolio and a short term bond portfolio. The Pool meets the criteria of a external investment pool. The fair value of the position in the pool is the same as the value of the Pool shares. The investments of the pool are measured at amortized costs. The pool is not rated.

Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Adviser.

The cash portfolio had a weighted average maturity of 51 days. The weighted average maturity of the short term bond portfolio is approximately 2.7 years.

At June 30, 2016, the Cash Portfolio's securities were rated as follows:

Tier Rating Percentages Based on Total Investments

First Tier	Second Tier
97%	3%

The Short Term Bond Portfolio uses ratings from Standard & Poor's, Moody's Investors Service and Fitch Ratings. When ratings vary, the highest rating is used.

At June 30, 2016, the Short Term Bond Portfolio's securities were rated as follows:

<b><u>Portfolio Composition:</u></b>	<b><u>Percentage of Total Net Position</u></b>
AAA	66.8%
AA	3.6%
A	14.7%
BBB	14.2%
Cash Equivalents	1.0%
Other Assets and Liabilities—Net	-0.3%
Total	<u>100.0%</u>

b.) Interest Rate Risk

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

c.) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Massachusetts General Laws Chapter 44 Section 55 limits the short term investment of surplus funds to the top rating issued by at least one nationally recognized rating organization. The Commonwealth of Massachusetts, also, has an investment "legal list" that the Town follows. However the Town does not have its own formal policy regarding credit risk. The investment ratings are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasuries	\$ 1,003,005	AA+
Government Agencies	202,964	AA+
	<u>\$ 1,205,969</u>	

d.) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a formal policy regarding concentration of credit risk. The Town did not have more than 5% of its investments in any one individual security.

e.) Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Town's investments in U.S. Treasury Notes (\$1,003,005), Government Agencies (\$202,964) and equity securities (\$1,659,880) are exposed to custodial credit risk because the related securities are uninsured, unregistered, and held by the government's brokerage firm, which is also the counterparty for these particular securities. The Town does not have a formal policy regarding custodial credit risk on investments.

Fair Value Measurement

Statement #72 of the Government Accounting Standards Board ("GASB") *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Town's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Town's own data.

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determined that the disclosures related to those investments only need to be disaggregated by major type. The Town chose a tabular format for disclosing the levels within the fair value hierarchy.

The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u> Quoted Prices in Active Markets for <u>Identical Assets</u>	<u>Level 2</u> Significant Other Observable <u>Inputs</u>	<u>Level 3</u> Significant Unobservable <u>Inputs</u>
Investment by Fair Value Level:				
Debt:				
U. S. Treasuries	\$ 1,003,005	\$ 1,003,005	\$ -	\$ -
U. S. Agency Bond	202,964	202,964	-	-
Money Market Mutual Fund	1,510,080	1,510,080	-	-
Equities:				
Common Stock	1,659,880	1,659,880	-	-
Total Assets in the Fair Value Hierarchy	<u>4,375,929</u>	<u>4,375,929</u>	<u>-</u>	<u>-</u>
Investments Not Subject to Fair Value Hierarchy reporting:				
Pension Reserve Investment Trust	2,369,675	Measured at Net Asset Value		
Mass. Municipal Depository Trust	1,381,466	Measured at Amortized Cost		
	<u>3,751,141</u>			
Total Investments	<u>\$ 8,127,070</u>			

The investments classified in Level 1 of the fair value hierarchy were valued using prices quoted in active markets for those securities.

#### B. Accounts Receivable

At June 30, 2016, receivables for the individual major governmental funds and the non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Accounts Receivable:</u>	<u>Gross</u> <u>Amount</u>	<u>Allowance</u> for <u>Uncollectible</u>	<u>Net</u> <u>Amount</u>
Real and Personal Property Taxes	\$ 594,678	\$ -	\$ 594,678
Tax Liens	1,312,716	-	1,312,716
Motor Vehicle Excise Taxes	670,959	(297,436)	373,523
User Charges	188,220	-	188,220
Clause 41 A Property Taxes	209,419	-	209,419
Special Assessments	47,267	-	47,267
Departmental	114,072	-	114,072
Intergovernmental	8,587,126	-	8,587,126
Tax Foreclosures	250,341	-	250,341
Total	<u>\$ 11,974,798</u>	<u>\$ (297,436)</u>	<u>\$ 11,677,362</u>

B. Accounts Receivable (Continued)

At June 30, 2016 the accounts receivable of the Sanitation and Sewer enterprise fund were comprised of the following:

<u>Accounts Receivable:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectible</u>	<u>Net Amount</u>
Sewer - User Charges	\$ 87,208	\$ -	\$ 87,208
Sewer - Special Assessments	11,277,943	-	11,277,943
Sewer - Liens	63,676	-	63,676
Total	<u>\$ 11,428,827</u>	<u>\$ -</u>	<u>\$ 11,428,827</u>

Governmental Funds report unavailable revenues for accounts receivables that are not considered to be available to liquidate current liabilities. The various components of unavailable revenue are as follows:

<u>Unavailable Revenue Category</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Real and Personal Property Taxes	\$ 420,250	\$ 5,431	\$ 425,681
Departmental	20,559	93,512	114,071
Clause 41 A Property Taxes	209,419	-	209,419
Tax Liens	1,305,720	6,996	1,312,716
Motor Vehicle Excise Taxes	154,045	-	154,045
Special Assessments	-	47,267	47,267
Tax Foreclosures	250,341	-	250,341
User Charges	29,364	151,870	181,234
Intergovernmental	6,458,709	1,868,164	8,326,873
	<u>\$ 8,848,407</u>	<u>\$ 2,173,240</u>	<u>\$ 11,021,647</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Government Activities:				
Assets Not Being Depreciated:				
Land	\$ 65,008,926	\$ 2,264,663	\$ -	\$ 67,273,589
Construction in Progress	-	108,170	-	108,170
Total Capital Assets Not Being Depreciated	<u>65,008,926</u>	<u>2,372,833</u>	<u>-</u>	<u>67,381,759</u>
Assets Being Depreciated:				
Buildings	16,356,436	-	-	16,356,436
Improvements Other Than Buildings	2,610,758	-	-	2,610,758
Infrastructure	48,652,206	224,611	-	48,876,817
Equipment	7,921,690	535,264	(14,186)	8,442,768
Vehicles	2,171,719	276,295	(93,327)	2,354,687
Total Capital Assets Being Depreciated	<u>77,712,809</u>	<u>1,036,170</u>	<u>(107,513)</u>	<u>78,641,466</u>
Less Accumulated Depreciation for:				
Buildings	(5,637,660)	(396,878)	-	(6,034,538)
Improvements Other Than Buildings	(1,554,041)	(113,441)	-	(1,667,482)
Infrastructure	(13,332,572)	(959,927)	-	(14,292,499)
Equipment	(5,194,111)	(475,673)	14,186	(5,655,598)
Vehicles	(1,343,785)	(277,991)	93,327	(1,528,449)
Total Accumulated Depreciation	<u>(27,062,169)</u>	<u>(2,223,910)</u>	<u>107,513</u>	<u>(29,178,566)</u>
Capital Assets Being Depreciated, Net	<u>50,650,640</u>	<u>(1,187,740)</u>	<u>-</u>	<u>49,462,900</u>
Governmental Activities Capital Assets, Net	<u>\$ 115,659,566</u>	<u>\$ 1,185,093</u>	<u>\$ -</u>	<u>\$ 116,844,659</u>

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

	Government Activities:	
	General Government	\$ 183,444
	Public Safety	512,889
	Highways and Public Works	1,262,926
	Human Services	56,112
	Culture and Recreation	208,539
Total Governmental Activities Depreciation Expense		<u>\$ 2,223,910</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Business-Type Activities:				
Assets Not Being Depreciated:				
Land	\$ 534,769	\$ -	\$ -	\$ 534,769
Total Capital Assets Not Being Depreciated	<u>534,769</u>	<u>-</u>	<u>-</u>	<u>534,769</u>
Assets Being Depreciated:				
Buildings	10,185,166	-	-	10,185,166
Improvements Other Than Buildings	48,796	-	-	48,796
Infrastructure	15,760,086	-	-	15,760,086
Equipment	1,314,798	-	-	1,314,798
Vehicles	23,300	-	-	23,300
Total Capital Assets Being Depreciated	<u>27,332,146</u>	<u>-</u>	<u>-</u>	<u>27,332,146</u>
Less Accumulated Depreciation for:				
Buildings	(4,515,092)	(340,846)	-	(4,855,938)
Improvements Other Than Buildings	(14,843)	(2,440)	-	(17,283)
Infrastructure	(5,124,509)	(391,617)	-	(5,516,126)
Equipment	(887,209)	(71,744)	-	(958,953)
Vehicles	(23,300)	-	-	(23,300)
Total Accumulated Depreciation	<u>(10,564,953)</u>	<u>(806,647)</u>	<u>-</u>	<u>(11,371,600)</u>
Capital Assets Being Depreciated, Net	<u>16,767,193</u>	<u>(806,647)</u>	<u>-</u>	<u>15,960,546</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,301,962</u>	<u>\$ (806,647)</u>	<u>\$ -</u>	<u>\$ 16,495,315</u>

Depreciation expense was charged to functions as follows:

	Business-Type Activities:	
	Sanitation	\$ 75,619
	Sewer	731,028
Total Business-Type Activities Depreciation Expense		<u>\$ 806,647</u>

**D. Capital Leases**

The Town entered into leases for the purchase of various pieces of equipment. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

Asset:	Total	Governmental Activities	Enterprise Funds
Caterpillar Wheel Loader	\$ 120,530	\$ -	\$ 120,530
John Deere Backhoe Loader	165,750	165,750	-
Mack Dump Trucks (2)	266,368	266,368	-
Accumulated Depreciation	(101,302)	(56,103)	(45,199)
Total	<u>\$ 451,346</u>	<u>\$ 376,015</u>	<u>\$ 75,331</u>

The future minimum lease payments and the present value of the minimum lease payments at June 30, 2016, are as follows:

Fiscal Year Ending:	Total	Governmental Activities	Enterprise Funds
2017	\$ 130,569	\$ 104,857	\$ 25,712
2018	130,569	104,857	25,712
2019	35,165	35,165	-
2020	35,165	35,165	-
Total Minimum Lease Payment	<u>331,468</u>	<u>280,044</u>	<u>51,424</u>
Less: Amount Representing Interest	<u>(19,024)</u>	<u>(16,338)</u>	<u>(2,686)</u>
Present Value of Minimum Lease Payments	<u>\$ 312,444</u>	<u>\$ 263,706</u>	<u>\$ 48,738</u>

E. Debt

i Short Term Debt

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively. The Town's short term debt activity for fiscal year 2016 is disclosed below.

<u>Purpose</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Governmental Activities:</u>						
Bond Anticipation Notes:						
Land Purchase	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	0.70%	7/13/2016

ii Long Term Obligations

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. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 20 years. General obligation bonds outstanding at June 30, 2016 are as follows:

(a) General Obligation Bonds Outstanding at June 30, 2016

Governmental Activities:

<u>General Obligation Bond</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturities</u>	<u>Final Maturity</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>
School Project	2014	\$ 12,220,000	2.00% - 4.00%	2023	\$ 9,960,000		\$ 1,150,000	\$ 8,810,000
Public Safety	2004	6,400,000	3.50% - 4.50%	2024	2,770,000	-	325,000	2,445,000
MWPAT - Water study	2005	218,403	5.00%	2023	111,291	-	12,366	98,925
Land acquisition	2007	545,000	4.70%	2017	105,000	-	55,000	50,000
MWPAT - Water study	2008	154,350	0.00%	2023	82,322	-	10,290	72,032
MWPAT - Title V	2009	174,305	0.00%	2028	113,300	-	8,716	104,584
Library building	2010	1,860,000	3.00% - 4.00%	2018	575,000	-	205,000	370,000
School facilities	2010	851,805	2.00% - 3.30%	2024	540,000	-	60,000	480,000
School building remodeling	2010	245,270	2.00% - 3.30%	2024	145,000	-	20,000	125,000
Town equipment	2010	279,386	2.00% - 3.30%	2024	176,577	-	19,620	156,957
Ambulance	2010	503,819	2.00% - 3.30%	2024	318,424	-	35,380	283,044
Building Remodel - Town Hall	2013	400,000	1.375% - 3.00%	2028	340,000	-	30,000	310,000
Surface Drain - Quarry Rd Drainage	2013	189,000	1.375% - 3.00%	2028	155,000	-	15,000	140,000
Portable Intersection Traffic Control	2013	150,000	1.375% - 3.00%	2023	120,000	-	15,000	105,000
Departmental Equipment Radio Narrow banding	2013	103,000	1.375% - 3.00%	2023	80,000	-	10,000	70,000
Departmental Equipment Standby Generator Senior Center	2013	75,000	1.375% - 3.00%	2023	55,000	-	10,000	45,000
Departmental Equipment DPW F-350 Truck	2013	44,000	1.375% - 3.00%	2022	35,000	-	5,000	30,000
Departmental Equipment DPW Skid Steer (Bobcat)	2013	134,100	1.375% - 3.00%	2028	110,000	-	10,000	100,000
Departmental Equipment DPW Towable Generator	2013	55,000	1.375% - 3.00%	2018	30,000	-	10,000	20,000
Departmental Equipment DPW Utility Truck	2013	42,000	1.375% - 3.00%	2021	30,000	-	5,000	25,000
Departmental Equipment DPW Sander/Dump truck	2013	190,346	1.375% - 3.00%	2028	160,000	-	15,000	145,000
Departmental Equipment DPW One ton Truck	2013	51,000	1.375% - 3.00%	2023	40,000	-	5,000	35,000
Police Communication Installation	2013	116,500	1.375% - 3.00%	2018	65,000	-	25,000	40,000
Dept Equipment Goward Playground	2013	150,000	1.375% - 3.00%	2028	130,000	-	10,000	120,000
Computer Hardware Unified Network File Storage	2013	79,100	1.375% - 3.00%	2023	55,000	-	10,000	45,000
Computer Hardware Core Network Replace	2013	47,000	1.375% - 3.00%	2023	40,000	-	5,000	35,000
School Project	2013	267,606	1.375% - 3.00%	2028	225,000	-	20,000	205,000
<b>Total Governmental Activities</b>					<b>\$ 16,566,914</b>	<b>\$ -</b>	<b>\$ 2,101,372</b>	<b>\$ 14,465,542</b>

E. Debt (Continued)

**Business Type Activities:**

<u>General Obligation Bond</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturities</u>	<u>Final Maturity</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2016</u>
Sewer	2004	694,000	3.50% - 4.50%	2024	315,000	-	35,000	280,000
MWPAT - Sewer	2005	817,200	4.20% - 5.00%	2019	275,200	-	65,800	209,400
MWPAT - Sewer	2005	1,852,634	5.20% - 5.50%	2031	1,330,000	-	65,000	1,265,000
MWPAT - Sewer	2005	7,800,326	5.06% - 5.50%	2031	5,590,000	-	265,000	5,325,000
MWPAT - Sewer	2005	12,159,555	4.58% - 5.12%	2031	8,490,000	-	405,000	8,085,000
Total Business Type Activities					\$ 16,000,200	\$ -	\$ 835,800	15,164,400

(b) Summary of Debt Service Requirements to Maturity

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,081,371	\$ 498,756	\$ 862,800	\$ 770,564	\$ 2,944,171	\$ 1,269,320
2018	2,056,371	425,322	889,800	718,404	2,946,171	1,143,726
2019	1,878,844	352,268	921,800	664,136	2,800,644	1,016,404
2020	1,918,844	282,072	875,000	614,194	2,793,844	896,266
2021	1,953,844	211,009		550,025	1,953,844	761,034
2022 - 2026	4,408,837	246,101	4,825,000	1,855,273	9,233,837	2,101,374
2027 - 2031	167,431	3,188	5,570,000	862,518	5,737,431	865,706
2032 - 2036	-	-	1,220,000	-	1,220,000	-
	<u>\$ 14,465,542</u>	<u>\$ 2,018,716</u>	<u>\$ 15,164,400</u>	<u>\$ 6,035,114</u>	<u>\$ 29,629,942</u>	<u>\$ 8,053,830</u>

E. Debt (Continued)

(c) Bond Authorizations

Long-term debt authorizations voted by the Town which have not been issued or rescinded as of June 30, 2016, are as follows:

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>
April 6, 2009	School Roof Replacement	\$128,890
April 7, 2008	Conant Boiler	226,420
April 7, 2014	Community Preservation Open Space	<u>990,000</u>
	Total	<u>\$1,345,310</u>

iii Prior Year Defeased Debt

In prior years, the government defeased general obligation bonds by placing the proceeds of the new bonds into an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2016, \$9,840,000 of defeased bonds remain outstanding.

iv Legal Debt Margin

The government is subject to a debt limit that is 5 percent of equalized valuation of the Town. The legal debt margin applies to debt issued "inside the debt limit." Some debt may be issued "outside the debt limit." At June 30, 2016, the Town's equalized valuation was \$4,306,412,900. The debt limit at June 30, 2015 is \$215,320,645. The Town's outstanding debt as of June 30, 2016 that was subject to the debt limit was \$20,614,942 or 9.6% (10.2% when including authorized/unissued) of the amount allowed by the legal debt margin.

v Changes in Long Term Liabilities

The general fund has, typically, liquidated the governmental activities long term liabilities. Changes in the government's long-term liabilities for the year ended June30, 2016 are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Portion</u>
<b><u>Governmental Activities</u></b>					
Bonds Payable	\$ 16,566,914	\$ -	\$ (2,101,372)	\$ 14,465,542	\$ 2,081,371
Add: Unamortized Premium	<u>682,836</u>	<u>-</u>	<u>(85,354)</u>	<u>597,482</u>	<u>85,354</u>
Total Bonds Payable	<u>17,249,750</u>	<u>-</u>	<u>(2,186,726)</u>	<u>15,063,024</u>	<u>2,166,725</u>
Compensated Absences	389,372	62,146	(77,874)	373,644	74,729
Lease Payable	87,685	313,362	(137,341)	263,706	96,732
Landfill Closure Costs	50,000	-	(2,500)	47,500	2,500
Other (Sewer Betterments)	1,839,792	-	(110,812)	1,728,980	110,842
Net Pension Liability	41,050,336	3,319,110	-	44,369,446	-
Other Post Employment Benefits	<u>13,918,516</u>	<u>1,857,299</u>	<u>(1,759,087)</u>	<u>14,016,728</u>	<u>-</u>
Total Governmental Activities	<u>74,585,451</u>	<u>5,551,917</u>	<u>(4,274,340)</u>	<u>75,863,028</u>	<u>2,451,528</u>
<b><u>Business Type Activities</u></b>					
Bonds Payable	\$ 16,000,200	\$ -	\$ (835,800)	\$ 15,164,400	\$ 862,800
Compensated Absences	8,806	3,958	(1,761)	11,003	2,201
Lease Payable	72,141	-	(23,403)	48,738	24,152
Other Post Employment Benefits	<u>59,375</u>	<u>12,233</u>	<u>(9,890)</u>	<u>61,718</u>	<u>-</u>
Total Business Type Activities	<u>\$ 16,140,522</u>	<u>\$ 16,191</u>	<u>\$ (870,854)</u>	<u>\$ 15,285,859</u>	<u>\$ 889,153</u>

## F. Governmental Fund Balance Classification

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. This Statement established accounting and financial reporting standards for all governmental funds. It, also, established criteria for classifying fund balances into specifically defined classifications.

Fund balance for **governmental** funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to the constraints on the specific purposes for which the amounts in those funds can be spent.

GASB 54 requires that the fund balance amounts to be reported within one of the fund balance categories list below.

1. **Nonspendable**, includes amounts that cannot be spent because (a) they are not in spendable form (such as fund balance associated with inventories), or (b) they are legally or contractually required to stay intact (i.e. corpus of a permanent trust fund).
2. **Restricted**, constraints on the use of resources for specific purposes are imposed (a) by creditors, grantors or contributors, or (b) by law through constitutional provisions or through enabling legislation.
3. **Committed**, includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the Town, Town Meeting is the highest level of decision making authority that can vote, by article, to establish, modify or rescind a commitment of fund balance. Once committed, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to modify or rescind the commitment.
4. **Assigned**, intentions (by the Board of Selectmen, Town Administrator or Finance Director) that resources are to be used by the government for specific purposes, but the restrictions do not meet the criteria necessary to be classified as restricted or committed.
5. **Unassigned**, the residual classification for the government's general fund. It includes all spendable amounts not contained in the restricted, committed or assigned categories. A "positive" unassigned may only be displayed in the general fund.

When expenditures are incurred for purposes for which different fund balance classifications could be used, the Town's policy is to use restricted amounts first, followed by committed, assigned and then unassigned amounts.

## Details of Fund Balance Classifications

The following schedule shows the detail of the fund balance classifications displayed in the aggregate on the Town's balance sheet.

	<u>General Fund</u>	<u>Community Preservation</u>	<u>Non Major Funds</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Cemetery	\$ -	\$ -	\$ 1,947,078	\$ 1,947,078
Library	-	-	87,900	87,900
Other	-	-	69,189	69,189
Total Nonspendable	<u>-</u>	<u>-</u>	<u>2,104,167</u>	<u>2,104,167</u>
Restricted for:				
Maintenance Roads and Bridges	-	-	170,900	170,900
Municipal Equipment	-	-	233,077	233,077
Other	-	-	309,076	309,076
School Capital Projects	-	-	119,830	119,830
Community Preservation	-	4,921,707	-	4,921,707
Municipal Donations and Gifts	-	-	1,238,032	1,238,032
Cemetery	-	-	1,262,979	1,262,979
Municipal Revolving Funds	-	-	529,686	529,686
Library	-	-	484,496	484,496
Septage Disposal	-	-	171,867	171,867
Ambulance	-	-	710,941	710,941
Total Restricted	<u>-</u>	<u>4,921,707</u>	<u>5,230,884</u>	<u>10,152,591</u>
Committed to:				
Cemetery	113,373	-	141,673	255,046
Maintenance Roads and Bridges	81,978	-	-	81,978
Sidewalks	220,318	-	-	220,318
Fish and Wildlife Programs	186,504	-	-	186,504
Commuter Parking Lot	394,500	-	264,777	659,277
Other	100,748	-	391,091	491,839
Network System	100,000	-	-	100,000
Permit Tracking	130,554	-	-	130,554
Digitize Records	58,681	-	-	58,681
Emergency Planning	57,180	-	-	57,180
Transportation	-	-	12,626	12,626
Property Acquisition	51,419	-	-	51,419
Total Committed	<u>1,495,255</u>	<u>-</u>	<u>810,167</u>	<u>2,305,422</u>
Assigned to:				
General Government	269,818	-	-	269,818
Information Technology	384,044	-	-	384,044
Municipal Properties	142,310	-	-	142,310
Public Safety	158,936	-	-	158,936
Regional School Assessments	1,651,812	-	-	1,651,812
Highways and Public Works	105,460	-	-	105,460
Maintenance of Roads	46,012	-	-	46,012
Gas and Diesel	32,033	-	-	32,033
Machinery	47,924	-	-	47,924
Human Services	102,975	-	-	102,975
Culture & Recreation	25,697	-	-	25,697
Capital Infrastructure & Equipment	162,000	-	-	162,000
Reduce the Tax Levy	654,157	-	-	654,157
Total Assigned	<u>3,783,178</u>	<u>-</u>	<u>-</u>	<u>3,783,178</u>
Unassigned	10,148,999	-	(1,049,976)	9,099,023
Total Fund Balances	<u>\$ 15,427,432</u>	<u>\$ 4,921,707</u>	<u>\$ 7,095,242</u>	<u>\$ 27,444,381</u>

G. Interfund Receivables, Payables and Transfers

Interfund receivables and payables for the year ended June 30, 2016 are summarized below:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 252,531	\$ -
Special Revenue Town Grants	-	252,531
Total	<u>\$ 252,531</u>	<u>\$ 252,531</u>

The receivables/payables represent advances to meet temporary cash flow needs.

The accompanying financial statements reflect transactions between the various funds. These transactions represent transfers and do not constitute revenues or expenditures of the funds. Transfers made during the year were as follows:

<u>Fund Financial Statements</u>	<u>Transfer In</u>	<u>Transfer (Out)</u>	<u>Total</u>
General	\$ 1,098,616	\$ (396,439)	\$ 702,177
Non-Major Governmental	493,300	(195,477)	297,823
Enterprise - Business Type	-	(1,000,000)	(1,000,000)
Total Transfers In/(Out)	<u>\$ 1,591,916</u>	<u>\$ (1,591,916)</u>	<u>\$ -</u>

<u>Entity Wide Financial Statements</u>	<u>Governmental Activities Net Transfer In (Out)</u>	<u>Business Type Activities Net Transfer In (Out)</u>	<u>Total</u>
General	702,177	-	702,177
Non-Major Governmental	297,823	-	297,823
Enterprise - Business Type	-	(1,000,000)	(1,000,000)
Total Transfers In/(Out)	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>

IV Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, injuries to employees, employee's health and life and natural disasters. There were no significant reductions in insurance coverage from the previous year and there have been no material settlements in excess of coverage in any of the past three fiscal years.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceeded \$1,000 per incident.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund.

The Town participates in the Acton Health Insurance Trust for health care benefits. The Trust includes the Town of Acton and the Acton-Boxborough Regional School. The claims administration contract holds all participants jointly and severally liable for claims. The Trust provides health care coverage for all active and retired employees that qualify for and select health

care coverage as an employee benefit. Active and retired employees participating in the Trust pay a percentage of an estimated health insurance premium. The contribution percentage for active employees is 25% for HMO plans and 50% for indemnity plans. All retired employees pay 50% of the established premium.

Health benefits include Master Health Plus, HMO Blue, and Medex offered by Blue Cross Blue Shield of Massachusetts, as well as Harvard Pilgrim HMO offered by Harvard Pilgrim Health Care. Blue Cross and Blue Shield and Harvard Pilgrim Health Care administer the claims program for the pool. The Trust pays in a standard monthly amount towards claims incurred. Annually, actual claims payable, (or prepaid claims deposits) are established by adjusting for actual claims and estimated claims incurred but not reported. The Trust's expenses are for actual claims incurred, excess claims insurance coverage and administrative costs for the plan administrators. Excess claims insurance coverage is purchased to cover any medical claims in excess of \$125,000 with no lifetime maximum amount.

As of June 30, 2016, the Trust's financial statements (unaudited) reflected total assets of \$4,850,221, total liabilities of \$1,296,801, including \$960,000 estimated benefits obligations (the estimated benefit obligation as of June 30, 2015 was \$960,000), and a total net position of \$3,553,420. A copy of the Trust's audited financial statements may be obtained from the Town of Acton's Finance Department.

B. Workers' Compensation

Workers' compensation claims are administered by a third party administrator and are funded by a policy premium. This is paid for from the Town appropriation. The estimated future workers' compensation liability is not material at June 30, 2016, and is therefore not reported.

C. Pension Plans

a. General Information about the Pension Plan

Plan Description

The Town provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The system is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (M.G.L.). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public at <http://middlesexretirement.org/wp-content/uploads/2016/09/MCRS-Final-Audit-Report-12-31-15-Financial-Statements-and-GASB-67-68.pdf> or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

Benefits Provided

The Middlesex County Retirement System provides retirement, disability and death benefits as detailed below:

Retirement Benefits

Employees covered by the Contributory Retirement Law are classified into one of four groups depending on job classification. Group 1 comprises most positions in state and local government. It is the general category of public employees. Group 4 comprises mainly police and firefighters. Group 2 is for other specified hazardous occupations. (Officers and inspectors of the State Police are classified as Group 3.)

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage according to the table below based on the age of the member at retirement.

<u>Benefit %</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 4</u>
	<u>Hired on or before April 1 2012</u>		
2.50%	65+	60+	55+
2.40%	64	59	54
2.30%	63	58	53
2.20%	62	57	52
2.10%	61	56	51
2.00%	60	55	50
1.90%	59	N/A	49
1.80%	58	N/A	48
1.70%	57	N/A	47
1.60%	56	N/A	46
1.50%	55	N/A	45

For employees hired on April 2, 2012 or later, the annual amount of the retirement allowance is based on the member's final five-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage according to the tables below based on the age and years of creditable service of the member at retirement:

<u>Benefit %</u>	<u>Group 1</u>	<u>Group 2</u>	<u>Group 4</u>
	<u>Hired on after April 1 2012</u>		
2.50%	67+	62+	57+
2.35%	66	61	56
2.20%	65	60	55
2.05%	64	59	54
1.90%	63	58	53
1.75%	62	57	52
1.60%	61	56	51
1.45%	60	55	50

For all employees, the maximum annual amount of the retirement allowance is 80 percent of the member's final average salary. Any member who is a veteran also receives an additional yearly retirement allowance of \$15 per year of creditable service, not exceeding \$300. The veteran allowance is paid in addition to the 80 percent maximum.

Retirement Benefits - Superannuation

Members of Group 1, 2 or 4 hired prior to April 2, 2012 may retire upon the attainment of age 55. For retirement at ages below 55, twenty years of creditable service is required.

Members hired prior to April 2, 2012 who terminate before age 55 with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System).

Members of Group 1 hired April 2, 2012 or later may retire upon the attainment of age 60. Members of Group 2 or 4 hired April 2, 2012 or later may retire upon the attainment of age 55. Members of Group 4 may retire upon attainment of age 50 with ten years of creditable service.

Members hired April 2, 2012 or later who terminate before age 55 (60 for members of Group 1) with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (60 for members of Group 1) provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System.

#### Ordinary Disability Benefits

A member who is unable to perform his or her job due to a non-occupational disability will receive a retirement allowance if he or she has ten or more years of creditable service and has not reached age 55. The annual amount of such allowance shall be determined as if the member retired for superannuation at age 55 (age 60 for Group 1 members hired on or after April 2, 2012), based on the amount of creditable service at the date of disability. For veterans, there is a minimum benefit of 50 percent of the member's most recent year's pay plus an annuity based on his or her own contributions.

#### Accidental Disability Benefit

For a job-connected disability, the benefit is 72 percent of the member's most recent annual pay plus an annuity based on his or her own contributions, plus additional amounts for surviving children. Benefits are capped at 75 percent of annual rate of regular compensation for employees who become members after January 1, 1988.

#### Death Benefits

In general, the beneficiary of an employee who dies in active service will receive a refund of the employee's own contributions. Alternatively, if the employee were eligible to retire on the date of death, a spouse's benefit will be paid equal to the amount the employee would have received under Option C. The surviving spouse of a member who dies with two or more years of credited service has the option of a refund of the employee's contributions or a monthly benefit regardless of eligibility to retire, if they were married for at least one year. There is also a minimum widow's pension of \$500 per month, and there are additional amounts for surviving children.

If an employee's death is job-connected, the spouse will receive 72 percent of the member's most recent annual pay, in addition to a refund of the member's accumulated deductions, plus additional amounts for surviving children. However, in accordance with Section 100 of Chapter 32, the surviving spouse of a police officer, firefighter or corrections officer who is killed in the line of duty will be eligible to receive an annual benefit equal to the maximum salary held by the member at the time of death. Upon the death of a job-connected disability retiree who retired prior to November 7, 1996 and could not elect an Option C benefit, a surviving spouse will receive an allowance of \$9,000 per year if the member dies for a reason unrelated to cause of disability.

#### Contributions

Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Town is required to pay an actuarially determined rate. The contribution requirement of plan members is determined by M.G.L. Chapter 32. The contribution requirements are established by and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

The Town's contractually required contribution rate for the year ended June 30, 2016 was 24.86% of covered payroll, actuarially determined as an amount that, when combined with

employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$3,243,883 for the year ending June 30, 2016.

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

At June 30, 2016, the Town reported a liability of \$44,369,446 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Accordingly, update procedures were utilized to roll forward the 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, 2015, the Town's proportion was 3.439441%.

Costs related to the Town's pension assessment are not charged to the Town's enterprise funds by way of direct or indirect charges. The Town's has no intention to charge the enterprise funds for the pension related costs in the future. As a result the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions were not allocated to the enterprise funds. In addition, the component unit (Acton Community Housing Corporation) has never had an employee that was eligible to be a member of the Middlesex County Retirement System. As a result, a portion of the net pension liability has not been allocated to it.

Chapter 176 of the Acts of 2011 was incorporated in this valuation, which changes many of the benefit features for members hired on or after April 2, 2012. In addition, the COLA base was increased to \$14,000 effective July 1, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$4,368,210. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions. Since the system performs an actuarial valuation bi-annually, there are not reported differences between expected and actual experience or a change of assumptions as of December 31, 2015. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	2,262,498	-
Changes in proportion and differences between contributions and proportionate share of contributions	213,858	(142,929)
Contributions subsequent to the measurement date	-	-
	<u>\$ 2,476,356</u>	<u>\$ (142,929)</u>

Contributions made subsequent to the measurement date (deferred outflows of resources) are recognized as a reduction of the net pension liability in the next fiscal year. The Town did not have any deferred outflows of resources for contributions made subsequent to the measurement date. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2017	\$ 592,081
2018	592,081
2019	592,082
2020	557,183

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015:

<b>Valuation date</b>	January 1, 2014			
<b>Actuarial Cost Method</b>	Entry age normal cost method			
<b>Amortization Method</b>	Prior year's total contribution increased by 6.5% for fiscal year 2016 through fiscal year 2020, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI Liability amortized in level payments.			
<b>Remaining Amortization Period</b>	As of July 1, 2014, 5 years remaining for the 2002 ERI liability; 6 years remaining for the 2003 ERI liability; 8 years remaining for the 2010 ERI liability and 21 years for the remaining unfunded liability.			
<b>Asset Valuation Method</b>	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted, as necessary, to be within 20% of market value.			
<b>Investment rate of return</b>	7.875% net of pension plan investment expense, including inflation (8% in previous valuation)			
<b>Discount Rate</b>	7.875% (previously 8.0%)			
<b>Inflation Rate</b>	4.00%			
<b>Projected Salary Increases</b> (The ultimate values in the previous valuation were 4.75% for Group 1 and 5.25% for Group 4)	<b>Years of Service</b>	<b>Group 1</b>	<b>Group 2</b>	<b>Group 4</b>
	0	6.00%	6.00%	7.00%
	1	5.50%	5.50%	6.50%
	2	5.50%	5.50%	6.00%
	3	5.25%	5.25%	5.75%
	4	5.25%	5.25%	5.25%
	5	4.75%	4.75%	5.25%
	6	4.75%	4.75%	4.75%
	7	4.50%	4.50%	4.75%
	8	4.50%	4.50%	4.75%
	9+	4.25%	4.50%	4.75%
<b>Cost of Living Adjustments</b>	3.00% of first \$14,000			
<b>Rates of Retirement</b>	Varies based upon age for general employees, police and fire employees.			
<b>Rates of Disability</b>	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).			
<b>Mortality Rates were based on the tables noted below:</b>				
Healthy:				
Pre-Retirement	RP-2000 Employee Mortality Table projected 22 years with Scale AA (previously, projected 12 years with Scale AA)			
Post-Retirement	RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA (previously, projected 12 years with Scale AA)			
Disabled	RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA (previously, set forward 2 years and projected 0 years)			

In performing the actuarial valuation, various assumptions are made regarding mortality, retirement, disability and withdrawal rates as well as salary increases and investment returns. A comparison of the results of the current valuation and the prior valuation is made to determine how closely actual experience relates to expected. The RP-2000 Employee Mortality Table projected 22 years with Scale AA and the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA were determined to contain provisions appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience of the plan.

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

	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Domestic Equity	19.60%	6.49%
International developed markets equity	15.60%	7.16%
International emerging markets equity	6.50%	9.46%
Core fixed income	15.30%	1.68%
High yield fixed income	8.30%	4.76%
Real estate	9.90%	4.37%
Commodities	3.90%	4.13%
Short-term government money market	0.00%	1.11%
Hedge fund, GTAA. Risk parity	9.80%	3.60%
Private equity	11.10%	11.04%
	<u>100%</u>	

#### Rate of Return

The annual money-weighted rate of return on pension plan investments for December 31, 2015 (net of investment expenses) was 0.61%. (7.54% for December 31, 2014). The money-weighted rate of return expresses investment performance, net of pension plan investment expense, is adjusted for the changing amounts actually invested, measured monthly.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.875% (8.0 % in the previous valuation). The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Middlesex County Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan'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.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Middlesex County Retirement System, calculated using the discount rate of 7.875%, as well as what the Middlesex County Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Discount Rate (7.875%)	1% Increase (8.875%)
Town's proportionate share of the Net Pension Liability	\$53,279,358	\$44,369,446	\$36,782,072

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Middlesex County Retirement System financial report. The System issues a stand-alone financial report is available that can be obtained through the System's website at: <http://middlesexretirement.org/wp-content/uploads/2016/09/MCRS-Final-Audit-Report-12-31-15-Financial-Statements-and-GASB-67-68.pdf>

c. Massachusetts Teachers' Retirement System

In fiscal year 2015, the Town was in a "special funding situation" with the Massachusetts Teachers' Retirement System related to the teachers who worked in the Town's Kindergarten through sixth grade school department. Due to the regionalization of the Town's entire school system with the Acton-Boxborough Regional School District, the special funding situation relationship is now between the Massachusetts Teachers' Retirement System and the Acton-Boxborough Regional School District.

In fiscal year 2015, the Town's proportionate share of the collective pension expense was \$2,501,865. Accordingly, the fiscal year 2015 financial statements included the required adjustments, which increased both Intergovernmental revenues and the Education expenditures by that amount in the fund financial statements and the education expense and program revenue in the government wide financial statements. Because the special funding situation between the Town and the Massachusetts Teachers' Retirement System no longer exists, the fiscal year 2016 financial statements do not include an adjustment

D. Other Postemployment Benefits (OPEB) Disclosures

The Town of Acton administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members.

a. Plan Description

Eligibility is met upon retirement depending on the employee's date of entering service. Group 1 employees who entered service before April 2, 2012 become eligible at age 55 with 10 years of creditable service or any age with 20 years of creditable service. Group 1 employees who entered service on or after April 2, 2012 become eligible at age 60 with ten years of creditable service. Currently there are 150 active employees and 323 retired employees (including beneficiaries and dependents) who are eligible to participate in the plan.

b. Funding Policy

The Town pays 50% of the total premiums for health insurance and life insurance policies. Benefits paid by the Town are on a pay-as-you-go basis. The contribution requirements of plan members and the Town are established and may be amended from time to time by local law or union agreements, within the constraints of Massachusetts General Laws. In fiscal year 2015 the Town contributed \$1,768,977 to the Plan, which includes funding \$566,800 to the OPEB Trust. The balance in the OPEB Trust as of June 30, 2016 was \$2,369,675.

c. Annual OPEB Cost and OPEB Obligation

The annual Other Postemployment Benefit (OPEB) cost is calculated based on the Annual Required Contribution (ARC) of the Town, an amount that has been actuarially determined in accordance with the parameters of GASB #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year ended June 30, 2016, the amount contributed to the plan, and the Town's Net OPEB Obligation (NOO):

Annual Required Contribution (ARC)	\$1,572,755
Interest on Net OPEB Obligation	1,083,287
Adjustment to Annual Required Contribution	(786,510)
Annual OPEB Cost (Expense)	<u>1,869,532</u>
Contributions Made	<u>(1,768,977)</u>
Increase in Net OPEB Obligation	100,555
Net OPEB Obligation (NOO)- Beginning of Year	<u>13,977,891</u>
Net OPEB Obligation (NOO)- End of Year	<u><u>\$14,078,446</u></u>

The Town's annual required contribution, the percentage of the annual required contribution contributed to the plan and the net OPEB obligation for the past three years are as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution (ARC)</u>	<u>Percentage of</u> <u>ARC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2014	\$2,726,081	62.4%	\$14,042,636
2015	\$1,509,722	124.0%	\$13,977,891
2016	\$1,572,755	112.5%	\$14,078,446

d. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Actuarial Accrued Liability (AAL) for benefits was \$21,694,152, and the actuarial value of assets was \$1,722,069, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$19,972,083. The actuarial value of the assets as a percentage of the Actuarial Accrued Liability (funded ratio) was 7.94%. The covered payroll as of the valuation date was \$12,546,476 and the UAAL as a percentage of covered payroll was 159.2%.

The significant decrease in the Unfunded Actuarial Accrued Liability was the result of the regionalization of the Acton Public Schools. In the prior valuation, eligible active employees and eligible retirees/beneficiaries of the Acton public school system were included in the calculation of the UAAL. As a result of the schools' regionalization and in accordance with the regionalization agreement, only retirees/beneficiaries of the Acton Public Schools who were retired as of July 1, 2014 are included the Town of Acton's UAAL calculation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and considers the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.75 percent investment rate of return (previously 6.25%), an annual non-Medicare medical/drug cost trend rates of 8.0 percent initially, reduced by decrements of 0.50% annually for 6 years to an ultimate rate of 5 percent per year (same as prior valuation except the non-Medicare and Medicare medical cost trend rates were not separated) and a Medicare medical/drug cost trend rates of 10.0 percent initially, reduced by decrements of 0.50% annually for 10 years to an ultimate rate of 5 percent per year. The assumptions included a 3.5% inflation rate. The actuarial value of assets is determined using market value. The UAAL is being amortized over a thirty year open amortization period with payments increasing at 3.5% per year.

E. Landfill Postclosure Care Costs

State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the landfill site after closure. The Town has closed the landfill and has recorded its estimated postclosure care costs to be \$47,500 which has been recorded as a governmental activity liability at June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

F. Commitments and Contingencies

Various legal actions and claims are pending. Although the outcome of the litigation is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

The financial statements include encumbrances as noted below:

<u>Fund</u>	<u>Total</u>	<u>Assigned Fund Balance</u>	<u>Unrestricted Net Position</u>
General	\$ 1,314,110	\$ 1,314,110	\$ -
Sewer	29,635	-	29,635
Sanitation	41,837	-	41,837
	<u>\$ 1,385,582</u>	<u>\$ 1,314,110</u>	<u>\$ 71,472</u>

## G. Implementation of New GASB Pronouncements

During fiscal year 2016, the following GASB pronouncements were implemented:

- The GASB issued Statement No. 72 *Fair Value Measurement and Application*. The standard created a hierarchy of the valuation methods used in determining the fair value of investments. The implementation of this pronouncement required new disclosures related to the Town's investments.
- The GASB issued Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The implementation of this pronouncement did not impact the financial statements.
- The GASB issued Statement No 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 was implemented in fiscal year 2016, except certain provisions which will be implemented in fiscal year 2017.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented in fiscal year 2017.
- The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in fiscal year 2017.
- The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in fiscal year 2018.
- The GASB issued Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented in fiscal year 2017.
- The GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* which is required to be implemented in fiscal year 2017.
- The GASB issued Statement No 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* which is required to be implemented in fiscal year 2017.
- The GASB issued Statement No 81 *Irrevocable Split-Interest Agreements*, which is required to be implemented in fiscal year 2018.
- The GASB issued Statement No 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* which is required to be implemented in fiscal year 2018.

Management is currently assessing the impact that the implementation of these pronouncements will have on the basic financial statements. Management's current assessment is that GASB Statements #74 & 75 will have a significant impact on the Town's basic financial statements by recognizing the entire actuarially accrued liability and expense, related to the Town's Other Post-Employment Benefits.

# REQUIRED SUPPLEMENTARY INFORMATION

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<b><u>Revenues</u></b>						
Property Taxes	\$ -	\$ 76,634,482	\$ 76,634,482	\$ 76,868,598	\$ -	\$ 234,116
Tax Liens	-		-	410,864	-	410,864
Excises	-	3,190,000	3,190,000	3,275,722	-	85,722
Penalties and Interest	-	125,000	125,000	225,491	-	100,491
Licenses and Permits	-	200,000	200,000	565,873	-	365,873
Fees and Other Departmental	-	750,000	750,000	770,465	-	20,465
Intergovernmental	-	2,400,679	2,400,679	2,594,473	-	193,794
Charges for Services	-	25,000	25,000	37,265	-	12,265
Fines and Forfeits	-	135,000	135,000	125,975	-	(9,025)
Earnings on Investments	-	85,000	85,000	68,469	-	(16,531)
In Lieu of Taxes	-	12,000	12,000	15,006	-	3,006
Miscellaneous	-	-	-	30,623	-	30,623
<b>Total Revenues</b>	<b>-</b>	<b>83,557,161</b>	<b>83,557,161</b>	<b>84,988,824</b>	<b>-</b>	<b>1,431,663</b>
<b><u>Expenditures</u></b>						
<b><u>General Government</u></b>						
Moderator						
Salaries	40	200	200	100	-	140
Expenses	-	20	20	-	-	20
Total	40	220	220	100	-	160
Town Manager						
Salaries	-	563,696	563,696	425,600	-	138,096
Expenses	150,213	574,100	2,452,100	2,525,271	213,616	(136,574)
Total	150,213	1,137,796	3,015,796	2,950,871	213,616	1,522
Green Advisory Board						
Salaries	-	32,230	32,230	13,059	315	18,856
Expenses	-	468	468	-	11,947	(11,479)
Total	-	32,698	32,698	13,059	12,262	7,377
Finance Committee						
Expenses	-	275	275	273	-	2
Total	-	275	275	273	-	2
Finance Director						
Salaries	-	212,377	212,377	262,343	-	(49,966)
Expenses	92,095	384,902	368,902	417,993	71,942	(28,938)
Total	92,095	597,279	581,279	680,336	71,942	(78,904)

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from Prior Year	Original Budget	Revised Budget	Actual Amounts (Budgetary Basis)	Carried forward to Subsequent Year	Variance to Final Budget
Comptroller						
Salaries	-	306,360	306,360	289,639	-	16,721
Expenses	3,500	5,179	5,179	3,604	1,500	3,575
Total	<u>3,500</u>	<u>311,539</u>	<u>311,539</u>	<u>293,243</u>	<u>1,500</u>	<u>20,296</u>
Board Of Assessors						
Salaries	-	259,468	259,468	264,184	-	(4,716)
Expenses	154,688	12,800	12,800	134,381	21,339	11,768
Total	<u>154,688</u>	<u>272,268</u>	<u>272,268</u>	<u>398,565</u>	<u>21,339</u>	<u>7,052</u>
Collector						
Salaries	-	107,224	107,224	29,794	-	77,430
Expenses	-	22,450	22,450	16,150	474	5,826
Total	<u>-</u>	<u>129,674</u>	<u>129,674</u>	<u>45,944</u>	<u>474</u>	<u>83,256</u>
Human Resource						
Salaries	-	232,377	232,377	251,377	-	(19,000)
Expenses	28,385	188,645	188,645	159,711	27,640	29,679
Total	<u>28,385</u>	<u>421,022</u>	<u>421,022</u>	<u>411,088</u>	<u>27,640</u>	<u>10,679</u>
Information Technology						
Salaries	-	405,170	405,170	378,443	-	26,727
Expenses	631,960	1,113,950	1,113,950	1,096,172	673,279	(23,541)
Total	<u>631,960</u>	<u>1,519,120</u>	<u>1,519,120</u>	<u>1,474,615</u>	<u>673,279</u>	<u>3,186</u>
Town Clerk						
Salaries	-	193,744	193,744	191,682	-	2,062
Expenses	-	4,100	4,100	4,125	-	(25)
Total	<u>-</u>	<u>197,844</u>	<u>197,844</u>	<u>195,807</u>	<u>-</u>	<u>2,037</u>
Elections						
Salaries	-	40,300	40,300	22,752	-	17,548
Expenses	-	46,859	46,859	31,425	8,838	6,596
Total	<u>-</u>	<u>87,159</u>	<u>87,159</u>	<u>54,177</u>	<u>8,838</u>	<u>24,144</u>
Planning						
Salaries	-	270,815	270,815	238,416	-	32,399
Expenses	36,546	8,720	178,720	199,952	39,451	(24,137)
Total	<u>36,546</u>	<u>279,535</u>	<u>449,535</u>	<u>438,368</u>	<u>39,451</u>	<u>8,262</u>
Zoning Board Of Appeals						
Expenses	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<b>Municipal Properties</b>						
Salaries	-	627,748	627,748	570,039	-	57,709
Expenses	<u>302,836</u>	<u>928,606</u>	<u>928,606</u>	<u>1,024,751</u>	<u>144,227</u>	<u>62,464</u>
Total	<u>302,836</u>	<u>1,556,354</u>	<u>1,556,354</u>	<u>1,594,790</u>	<u>144,227</u>	<u>120,173</u>
<b>Total - General Government</b>	<b><u>1,400,263</u></b>	<b><u>6,542,783</u></b>	<b><u>8,574,783</u></b>	<b><u>8,551,236</u></b>	<b><u>1,214,568</u></b>	<b><u>209,242</u></b>
<b><u>Public Safety</u></b>						
<b>Police</b>						
Salaries	-	3,898,623	3,898,623	3,842,413	-	56,210
Expenses	<u>82,630</u>	<u>350,100</u>	<u>350,100</u>	<u>334,960</u>	<u>103,374</u>	<u>(5,604)</u>
Total	<u>82,630</u>	<u>4,248,723</u>	<u>4,248,723</u>	<u>4,177,373</u>	<u>103,374</u>	<u>50,606</u>
<b>Fire</b>						
Salaries	-	2,760,949	2,760,949	2,703,358	-	57,591
Expenses	<u>10,850</u>	<u>192,980</u>	<u>192,980</u>	<u>184,537</u>	<u>14,315</u>	<u>4,978</u>
Total	<u>10,850</u>	<u>2,953,929</u>	<u>2,953,929</u>	<u>2,887,895</u>	<u>14,315</u>	<u>62,569</u>
<b>Dispatch</b>						
Salaries	-	562,049	562,049	560,783	-	1,266
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>480</u>	<u>2,856</u>	<u>(3,336)</u>
Total	<u>-</u>	<u>562,049</u>	<u>562,049</u>	<u>561,263</u>	<u>2,856</u>	<u>(2,070)</u>
<b>Building Inspector</b>						
Salaries	-	209,043	209,043	201,207	-	7,836
Expenses	<u>1,475</u>	<u>9,400</u>	<u>9,400</u>	<u>6,923</u>	<u>7,346</u>	<u>(3,394)</u>
Total	<u>1,475</u>	<u>218,443</u>	<u>218,443</u>	<u>208,130</u>	<u>7,346</u>	<u>4,442</u>
<b>Emergency Management</b>						
Salaries	-	24,300	24,300	14,300	-	10,000
Expenses	<u>-</u>	<u>30,600</u>	<u>30,600</u>	<u>-</u>	<u>30,500</u>	<u>100</u>
Total	<u>-</u>	<u>54,900</u>	<u>54,900</u>	<u>14,300</u>	<u>30,500</u>	<u>10,100</u>
<b>Dog Officer</b>						
Expenses	<u>-</u>	<u>23,000</u>	<u>23,000</u>	<u>22,105</u>	<u>545</u>	<u>350</u>
Total	<u>-</u>	<u>23,000</u>	<u>23,000</u>	<u>22,105</u>	<u>545</u>	<u>350</u>
<b>Total - Public Safety</b>	<b><u>94,955</u></b>	<b><u>8,061,044</u></b>	<b><u>8,061,044</u></b>	<b><u>7,871,066</u></b>	<b><u>158,936</u></b>	<b><u>125,997</u></b>

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<u>Education</u>						
General Education						
Salaries	-	-	-	-	-	-
Expenses	-	-	-	-	-	-
Acton Boxborough Reg Assmt.	-	53,171,009	53,171,009	53,171,009	-	-
Minuteman Tech- Assmt.	-	925,545	925,545	925,543	-	2
<b>Total - Education</b>	<b>-</b>	<b>54,096,554</b>	<b>54,096,554</b>	<b>54,096,552</b>	<b>-</b>	<b>2</b>
<u>Intergovernmental</u>						
State And County						
Expenses	-	243,618	243,618	238,057	-	5,561
Total	-	243,618	243,618	238,057	-	5,561
<b>Total - Intergovernmental</b>	<b>-</b>	<b>243,618</b>	<b>243,618</b>	<b>238,057</b>	<b>-</b>	<b>5,561</b>
<u>Highways and Public Works</u>						
Engineering						
Salaries	-	262,988	262,988	271,522	-	(8,534)
Expenses	366,427	22,890	22,890	71,663	306,081	11,573
Total	366,427	285,878	285,878	343,185	306,081	3,039
Highway						
Salaries	-	990,377	990,377	1,022,003	-	(31,626)
Expenses	612,839	20,847	20,847	163,742	469,871	73
	612,839	1,011,224	1,011,224	1,185,745	469,871	(31,553)
Roads						
Expenses	11,854	260,315	260,315	245,125	46,012	(18,968)
Total	11,854	260,315	260,315	245,125	46,012	(18,968)
Snow And Ice						
Salaries	-	149,237	149,237	110,942	-	38,295
Expenses	-	389,522	389,522	336,916	-	52,606
Total	-	538,759	538,759	447,858	-	90,901
Gas And Diesel						
Expenses	-	307,061	307,061	158,869	32,033	116,159
Total	-	307,061	307,061	158,869	32,033	116,159

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
Machinery Expenses	2,850	356,163	356,163	282,264	47,924	28,825
Total	<u>2,850</u>	<u>356,163</u>	<u>356,163</u>	<u>282,264</u>	<u>47,924</u>	<u>28,825</u>
Special Projects Expenses	82,759	164,932	164,932	147,458	92,723	7,510
Total	<u>82,759</u>	<u>164,932</u>	<u>164,932</u>	<u>147,458</u>	<u>92,723</u>	<u>7,510</u>
<b>Total - Highways and Public Works</b>	<b><u>1,076,729</u></b>	<b><u>2,924,332</u></b>	<b><u>2,924,332</u></b>	<b><u>2,810,504</u></b>	<b><u>994,644</u></b>	<b><u>195,913</u></b>
<u>Human Services</u>						
Board Of Health Salaries	-	190,735	190,735	214,511	-	(23,776)
Expenses	1,419	78,400	78,400	62,645	-	17,174
Total	<u>1,419</u>	<u>269,135</u>	<u>269,135</u>	<u>277,156</u>	<u>-</u>	<u>(6,602)</u>
Nursing Service Salaries	-	458,749	458,749	459,401	-	(652)
Expenses	2,348	140,304	140,304	167,711	4,549	(29,608)
Total	<u>2,348</u>	<u>599,053</u>	<u>599,053</u>	<u>627,112</u>	<u>4,549</u>	<u>(30,260)</u>
Council On Aging Salaries	-	280,040	280,040	285,381	-	(5,341)
Expenses	42	28,161	28,161	27,650	96	457
Total	<u>42</u>	<u>308,201</u>	<u>308,201</u>	<u>313,031</u>	<u>96</u>	<u>(4,884)</u>
Veterans Services Salaries	-	68,779	68,779	69,985	-	(1,206)
Expenses	4,293	131,950	131,950	100,784	4,092	31,367
Total	<u>4,293</u>	<u>200,729</u>	<u>200,729</u>	<u>170,769</u>	<u>4,092</u>	<u>30,161</u>
Commission On Disabilities Expenses	-	1,468	1,468	174	47	1,247
Total	<u>-</u>	<u>1,468</u>	<u>1,468</u>	<u>174</u>	<u>47</u>	<u>1,247</u>

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
Natural Resources						
Salaries	-	727,731	727,731	748,313	-	(20,582)
Expenses	<u>332,589</u>	<u>147,270</u>	<u>147,270</u>	<u>184,865</u>	<u>397,773</u>	<u>(102,779)</u>
Total	<u>332,589</u>	<u>875,001</u>	<u>875,001</u>	<u>933,178</u>	<u>397,773</u>	<u>(123,361)</u>
<b>Total - Human Services</b>	<b><u>340,691</u></b>	<b><u>2,253,587</u></b>	<b><u>2,253,587</u></b>	<b><u>2,321,420</u></b>	<b><u>406,557</u></b>	<b><u>(133,699)</u></b>
<u>Culture and Recreation</u>						
Cultural Council						
Expenses	<u>3,672</u>	<u>2,000</u>	<u>2,000</u>	<u>1,893</u>	<u>3,779</u>	<u>-</u>
Total	<u>3,672</u>	<u>2,000</u>	<u>2,000</u>	<u>1,893</u>	<u>3,779</u>	<u>-</u>
Memorial Library						
Salaries	-	1,063,548	1,063,548	1,030,371	-	33,177
Expenses	<u>-</u>	<u>268,125</u>	<u>268,125</u>	<u>292,307</u>	<u>25,420</u>	<u>(49,602)</u>
Total	<u>-</u>	<u>1,331,673</u>	<u>1,331,673</u>	<u>1,322,678</u>	<u>25,420</u>	<u>(16,425)</u>
Citizens Library						
Salaries	-	48,674	48,674	48,759	-	(85)
Expenses	<u>-</u>	<u>8,530</u>	<u>8,530</u>	<u>8,089</u>	<u>277</u>	<u>164</u>
Total	<u>-</u>	<u>57,204</u>	<u>57,204</u>	<u>56,848</u>	<u>277</u>	<u>79</u>
Historic Commission						
Expenses	<u>-</u>	<u>380</u>	<u>380</u>	<u>-</u>	<u>-</u>	<u>380</u>
Total	<u>-</u>	<u>380</u>	<u>380</u>	<u>-</u>	<u>-</u>	<u>380</u>
Celebrations						
Salaries	-	-	-	-	-	-
Expenses	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>7,127</u>	<u>-</u>	<u>1,873</u>
Total	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>7,127</u>	<u>-</u>	<u>1,873</u>
<b>Total - Culture and Recreation</b>	<b><u>3,672</u></b>	<b><u>1,400,257</u></b>	<b><u>1,400,257</u></b>	<b><u>1,388,546</u></b>	<b><u>29,476</u></b>	<b><u>(14,093)</u></b>
<u>Employee Benefits and Insurances</u>						
Pension Assessment	-	3,216,233	3,216,233	3,179,727	-	36,506
Medicare	-	171,217	171,217	187,399	-	(16,182)
Insurances and Other Benefits	<u>-</u>	<u>4,346,564</u>	<u>4,362,564</u>	<u>4,014,280</u>	<u>5,183</u>	<u>343,101</u>
Total	<u>-</u>	<u>7,734,014</u>	<b><u>7,750,014</u></b>	<u>7,381,406</u>	<u>5,183</u>	<u>363,425</u>
<b>Total - Employee Benefits and Insurances</b>	<b><u>-</u></b>	<b><u>7,734,014</u></b>	<b><u>7,750,014</u></b>	<b><u>7,381,406</u></b>	<b><u>5,183</u></b>	<b><u>363,425</u></b>

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2016  
(Concluded)

	Carried forward from <u>Prior Year</u>	Original <u>Budget</u>	Revised <u>Budget</u>	Actual Amounts <u>(Budgetary Basis)</u>	Carried forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<u>Debt Service</u>						
Principal	-	2,062,868	2,062,868	2,062,868	-	-
Interest	-	579,528	579,528	550,483	-	29,045
Total	-	2,642,396	2,642,396	2,613,351	-	29,045
<b>Total - Debt Service</b>	<b>-</b>	<b>2,642,396</b>	<b>2,642,396</b>	<b>2,613,351</b>	<b>-</b>	<b>29,045</b>
<b>Total Expenditures</b>	<b>2,916,310</b>	<b>85,898,585</b>	<b>87,946,585</b>	<b>87,272,138</b>	<b>2,809,364</b>	<b>781,393</b>
Excess of Revenues Over (Under)						
Expenditures	(2,916,310)	(2,341,424)	(4,389,424)	(2,283,314)	(2,809,364)	2,213,056
Transfers In	-	1,000,000	2,850,000	2,850,000	-	-
Transfers (Out)	-	(2,396,439)	(2,396,439)	(2,396,439)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,396,439)</b>	<b>453,561</b>	<b>453,561</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)						
	(2,916,310)	(3,737,863)	(3,935,863)	(1,829,753)	(2,809,364)	2,213,056
Fund Balance Beginning of the Year	-	16,689,616	16,689,616	16,689,616	-	-
Fund Balance End of the Year	\$ (2,916,310)	\$ 12,951,753	\$ 12,753,753	\$ 14,859,863	\$ (2,809,364)	\$ 2,213,056

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Community Preservation Act Fund  
Fiscal Year Ended June 30, 2016

	Carried Forward from <u>Prior Year</u>	<u>Original</u>	<u>Final</u>	Actual Amounts (Budgetary Basis)	Carried Forward to Subsequent Year	Variance to <u>Final Budget</u>
<u>Revenues</u>						
Property Taxes	\$ -	\$ 864,016	\$ 864,016	\$ 913,941	\$ -	\$ 49,925
Penalties and Interest	-	-	-	1,573	-	1,573
Intergovernmental	-	259,489	259,489	259,489	-	-
Earnings on Investment	-	30,000	30,000	15,898	-	(14,102)
<b>Total Revenues</b>	<b>-</b>	<b>1,153,505</b>	<b>1,153,505</b>	<b>1,190,901</b>	<b>-</b>	<b>37,396</b>
<u>Expenditures</u>						
<u>Community Preservation Act Commission</u>						
<u>General Government</u>						
Expenses	2,078,390	1,056,428	1,456,428	944,341	2,590,477	-
<u>Human Services</u>						
Expenses	591,504	97,077	97,077	102,397	586,184	-
<u>Culture and Recreation</u>						
Expenses	21,657	-	-	9,198	10,686	1,773
<b>Total Expenditures</b>	<b>2,691,551</b>	<b>1,153,505</b>	<b>1,553,505</b>	<b>1,055,936</b>	<b>3,187,347</b>	<b>1,773</b>
Excess (Deficiency) Of Revenues Over Expenditures	(2,691,551)	-	(400,000)	134,965	(3,187,347)	39,169
Excess (Deficiency) Of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(2,691,551)	-	(400,000)	134,965	(3,187,347)	39,169
Fund Balance Beginning of the Year	-	-	4,786,742	4,786,742	-	-
Fund Balance End of the Year	<u>\$ (2,691,551)</u>	<u>\$ -</u>	<u>\$ 4,386,742</u>	<u>\$ 4,921,707</u>	<u>\$ (3,187,347)</u>	<u>\$ 39,169</u>

**See Notes to the Required Supplementary Information**

Required Supplementary Information  
Schedule of the Town of Acton Massachusetts' Proportionate Share of the Net Pension Liability  
Middlesex County Retirement System  
Last Ten Fiscal Years\*\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Town's proportionate share of net pension liability (asset) (%)	3.439441%	3.417115%	<i>(Historical information prior to implementation of GASB 67/68 is not required)</i>							
Town's proportionate share of net pension liability (asset) (\$)	44,369,446	41,050,336								
Town's covered-employee payroll	13,048,335	12,546,476								
Town's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	340.04%	327.19%								
Plan fiduciary net position as a percentage of the pension liability	46.13%	47.65%								

\*\* The amounts presented for each fiscal year were determined as of December 31.

**See Notes to the Required Supplementary Information**

Required Supplementary Information  
Schedule of the Town of Acton Massachusetts' Contributions  
Middlesex County Retirement System  
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 3,243,883	\$ 2,512,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(3,243,883)</u>	<u>(2,512,579)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	13,048,335	12,546,476	<i>(Historical information prior to implementation of GASB 67/68 is not required)</i>							
Contributions as a percentage of covered-employee payroll	24.86%	20.03%								

**See Notes to the Required Supplementary Information**

Town of Acton, Massachusetts  
 Required Supplementary Information  
 Schedule of Funding Progress and Employer's Contributions- Other Post Employment Benefits  
 June 30, 2016

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
12/31/10	\$0	\$57,330,858	\$57,330,858	0%	\$11,115,982	515.8%
12/31/12	\$0	\$31,187,810	\$31,187,810	0%	\$11,905,512	262.0%
12/31/14	\$1,722,069	\$21,694,152	\$19,972,083	7.94%	\$12,546,476	159.2%

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Schedule of Employer's Contributions**

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
2014	\$2,726,081	62.4%	\$14,042,636
2015	\$1,509,722	124.0%	\$13,977,891
2016	\$1,572,755	112.5%	\$14,078,446

**See Notes to the Required Supplementary Information**

Required Supplementary Information  
Town of Acton, Massachusetts  
Valuation Details - Other Post Employment Benefits  
Fiscal Year Ended June 30, 2016

---

Valuation Date	December 31, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Payments Increasing at 3.5%
Remaining Amortization Period	30 Years Open
Asset Valuation Method	Market Value

---

**Actuarial Assumptions:**

Discount Rate	7.75% (previously 6.25% partially funded)
Inflation Rate	3.5%
Non-Medicare Medical/Drug Cost Trend Rate	8.0% decreasing by 0.50% for 6 years to an ultimate level of 5.00% per year (same as prior valuation - except Non-Medicare versus Medicare not separated).
Medicare Medical/Drug Cost Trend Rate	10.0% decreasing by 0.50% for 10 years to an ultimate level of 5.00% per year (in prior valuation, Non-Medicare versus Medicare not separated).
Plan Membership:	
Current retirees, beneficiaries, and dependents	323
Current active members	<u>150</u>
Total	<u>473</u>

---

**See Notes to the Required Supplementary Information**

Town of Acton, Massachusetts  
Notes to the Required Supplementary Information  
June 30, 2016

(A) Budgetary Information

a. General Budget Policies

Budget requests are prepared by the various Town departments and submitted to the Selectmen and Finance Committee for review during January, February and March of each year. The Selectmen and Finance Committee have until April, which is when the annual Town meeting is held, to make any changes to the departmental requests. After approval of the budget at the annual Town meeting, the tax recapitulation (recap) sheet is prepared. During this process, the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval.

The Town authorizes a bottom line budget in order to provide flexibility within the budget process. The budget is monitored and managed by the Town Manager and the Finance Director. The Town Manager may allow a department to overspend its budget as long as the Town's total expenditures and encumbrances do not exceed the total approved budget. Since Town meeting authorizes a bottom line budget, transfers to offset departmental deficits are not required to be made.

Encumbrance accounting is utilized when purchase orders, contracts or other commitments for purchases are recorded in order to reserve that portion of the applicable appropriations. Encumbrances do not constitute expenditures or liabilities.

At year end, appropriation balances lapse except for encumbrances and certain articles "voted" (that may be carried forward until the project is complete).

b. Budget Basis of Accounting

The final budget appearing in the required supplementary information section of the financial statements includes the fiscal year 2016 annual Town meeting voted amounts adjusted for any special Town meeting votes applicable to fiscal 2016 and any transfers authorized by the Finance Committee.

The following reconciliation summarizes the differences between the general fund budget basis and the Generally Accepted Accounting Principles (GAAP) basis (fund financial statements) for the year ended June 30, 2016. The budget basis for the Community Preservation Act fund is GAAP.

	<u>Revenues</u>
As Reported Budget Basis	\$ 84,988,824
Adjustments:	
Sixty Day Accrual - Net	157,585
MWPAT Subsidies	6,378
As Reported GAAP Statement	<u>\$ 85,152,787</u>
	<u>Expenditures</u>
As Reported Budget Basis	\$ 87,272,138
Adjustments:	
Expenditures related to Capital Lease Financing	313,362
MWPAT Subsidies	6,378
As Reported GAAP Statement	<u>\$ 87,591,878</u>

Budget requests are prepared by the various Town departments and submitted to the Selectmen and Finance Committee for review during January and February of each year. The Selectmen and Finance Committee have until the annual Town meeting is held, to make any changes to the departments' requests. After approval of the budget at the annual Town meeting, the tax recapitulation (recap) sheet is prepared. During this process the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval.

Encumbrance accounting is utilized when purchase orders, contracts or other commitments for purchases are recorded in order to reserve that portion of the applicable appropriations. Encumbrances do not constitute expenditures or liabilities.

(B) Pension Plans

a. Plan Description

The Town provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The Town is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public at <http://middlesexretirement.org/wp-content/uploads/2016/09/MCRS-Final-Audit-Report-12-31-15-Financial-Statements-and-GASB-67-68.pdf> or by writing to the to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

b. Funding Plan

Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of \$30,000. The Town is required to pay an actuarially determined rate. The contribution requirements of plan members are determined by M.G.L. Chapter 32. The Town's

contribution requirement is established and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

c. Changes in Benefit Terms

Chapter 176 of the Acts of 2011 was incorporated in this valuation, which changes many of the benefit features for members hired on or after April 2, 2012. In addition, the COLA base was increased to \$14,000 effective July 1, 2014.

d. Change in Assumptions

The following changes were effective January 1, 2014:

- The actuarial cost method was changed to better reflect the impact of the plan changes effective for employees hired on or after April 2, 2012.
- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected 12 years with Scale AA to the RP-2000 Employee Mortality Table projected 22 years with Scale AA.
- The mortality assumption for non-disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table projected 12 years with Scale AA to the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward two years to the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA.
- The investment return assumption was lowered from 8.00% to 7.875%.
- The salary increase assumption was changed from level rates of 4.75% per year for Group 1 and Group 2 members and 5.25% per year for Group 4 members, including an allowance for inflation of 4.5% per year, to rates based on years of service with ultimate rates of 4.25% per year for Group 1 members, 4.5% per year for Group 2 members and 4.75% per year for Group 4 members, including an allowance for inflation of 4.0% per year.
- The assumed retirement age for inactive vested participants was changed from age 65 to age 60 for Group 1 and 2 members and remained the same at age 55 for Group 4 members hired prior to April 2, 2012. For participants hired April 2, 2012 or later, the assumption is 60 for Group 1 members, 55 for Group 2 members and 50 for Group 4 members.
- The administrative expense assumption was increased from \$3,100,000 for calendar 2012 to \$3,400,000 for calendar 2014.

e. Schedule of Town's Proportionate Share of the Net Pension Liability - Middlesex County Retirement System

The schedule details the Town's percentage of the collective net pension liability, the proportionate amount of the collective net pension liability, the Town's covered-employee payroll, the Town's proportionate share of the collective net pension liability as a percentage of the Town's covered-employee payroll and the fiduciary net position of the plan as a percentage of the total pension liability. As more information becomes available, this will be a ten year schedule.

f. Schedule of the Town's Contributions

The schedule details the Town's contractually required contributions, the contributions made by the Town, the deficiency/(excess) of contributions made by the Town, the Town's covered-employee payroll and the Town's contributions as a percentage of covered-employee payroll. As more information becomes available, this will be a ten year schedule.

(C) Other Postemployment Benefits (OPEB) Disclosures

The Town of Acton administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members.

a. Plan Description

Eligibility is met upon retirement depending on the employee's date of entering service. Group 1 employees who entered service before April 2, 2012 become eligible at age 55 with 10 years of creditable service or any age with 20 years of creditable service. Group 1 employees who entered service on or after April 2, 2012 become eligible at age 60 with ten years of creditable service. Currently there are 150 active employees and 323 retired employees (including beneficiaries and dependents) who are eligible to participate in the plan.

b. Funding Policy

The Town pays 50% of the total premiums for health insurance and life insurance policies. Benefits paid by the Town are on a pay-as-you-go basis. The contribution requirements of plan members and the Town are established and may be amended from time to time by local law or union agreements, within the constraints of Massachusetts General Laws.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The significant decrease in the Unfunded Actuarial Accrued Liability was the result of the regionalization of the Acton Public Schools. In the prior valuation, eligible active employees and eligible retirees/beneficiaries of the Acton public school system were included in the calculation of the UAAL. As a result of the schools' regionalization and in accordance with the regionalization agreement, only retirees/beneficiaries of the Acton Public Schools (who were retired as of July 1, 2014) are included the Town of Acton's UAAL calculation.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Valuation Details presents factors that significantly affect the identification of trends in the amounts reported.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND  
SCHEDULES**

## ***Nonmajor Governmental Fund Categories***

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The combining statements are categorized and reported in the following fund types:

Town Grants Fund – This fund is used to account for activity specifically financed by federal, state, and other grants which are restricted for specific programs.

Town Revolving Accounts Fund – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling statute.

Town Donations & Gifts Fund – This fund is used to account for gifts which have been accepted by the Town to be used for the purpose specified by the donor.

Other Funds – This fund is used to report all special revenue funds that are not separately reported in other categories.

### **Capital Project Funds**

Capital projects funds are used for the acquisition and construction of the Town's major capital assets or facilities, except those financed by the proprietary fund types.

Town Hall Land Use- This fund is used to account for Town Hall renovations and other Municipal land use projects.

Land Purchase – This fund is used to account for all expenditures related to the Wright Hill land purchase.

Other Funds – This fund is used to report all capital projects funds that are not separately reported in other categories.

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemetery Fund – This fund is used to account for contributions and expenditures related to cemetery perpetual care and other cemetery related bequests.

Library Fund – This fund is used to account for various contributions/bequests associated with the Town's library.

Other Fund – This fund is used to account for various permanent fund contributions/bequests that are not reported in other categories.

Town of Acton, Massachusetts  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

	Special Revenue	Special Revenue	Special Revenue	Special Revenue	Subtotal Special	Capital Projects	Capital Projects
	Town Grants	Revolving - Town	Donations and Gifts - Town	Other	Revenue Funds	Town Hall Land Use	Land Purchase
<b>Assets:</b>							
Cash and Cash Equivalents	\$ -	\$ 592,871	\$ 1,271,718	\$ 1,742,281	\$ 3,606,870	\$ -	\$ 671
Investments	-	-	-	-	-	-	-
<b>Accounts Receivable:</b>							
User Charges	-	-	-	158,856	158,856	-	-
Special Assessments	-	-	-	47,267	47,267	-	-
Departmental	-	29,300	-	64,212	93,512	-	-
Intergovernmental	2,128,417	-	-	-	2,128,417	-	-
Total Assets	<u>\$ 2,128,417</u>	<u>\$ 622,171</u>	<u>\$ 1,271,718</u>	<u>\$ 2,012,616</u>	<u>\$ 6,034,922</u>	<u>\$ -</u>	<u>\$ 671</u>
<b>Liabilities:</b>							
Warrants Payable	\$ 157,697	\$ 37,221	\$ 531	\$ 37,212	\$ 232,661	\$ -	\$ -
Accrued Payroll Payable	672	25,964	206	19,080	45,922	-	-
Due to Other Fund	252,531	-	-	-	252,531	-	-
Notes Payable	-	-	-	-	-	-	900,000
Total Liabilities	<u>410,900</u>	<u>63,185</u>	<u>737</u>	<u>56,292</u>	<u>531,114</u>	<u>-</u>	<u>900,000</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable Revenues	<u>1,868,164</u>	<u>29,300</u>	<u>-</u>	<u>263,349</u>	<u>2,160,813</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,868,164</u>	<u>29,300</u>	<u>-</u>	<u>263,349</u>	<u>2,160,813</u>	<u>-</u>	<u>-</u>
<b>Fund Equity:</b>							
<b>Fund Balances:</b>							
Nonspendable	-	-	32,950	-	32,950	-	-
Restricted	-	529,686	1,238,031	882,808	2,650,525	-	-
Committed	-	-	-	810,167	810,167	-	-
Unassigned	(150,647)	-	-	-	(150,647)	-	(899,329)
Total Fund Balances	<u>(150,647)</u>	<u>529,686</u>	<u>1,270,981</u>	<u>1,692,975</u>	<u>3,342,995</u>	<u>-</u>	<u>(899,329)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,128,417</u>	<u>\$ 622,171</u>	<u>\$ 1,271,718</u>	<u>\$ 2,012,616</u>	<u>\$ 6,034,922</u>	<u>\$ -</u>	<u>\$ 671</u>

Continued on Next Page

Town of Acton, Massachusetts  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

	Capital Projects	Subtotal	Permanent Trust	Permanent Trust	Permanent Trust	Subtotal	Total
	Other	Capital Projects	Cemetery	Library	Other	Permanent Trust	Nonmajor Governmental Funds
Assets:							
Cash and Cash Equivalents	\$ 563,728	\$ 564,399	\$ -	\$ -	\$ -	\$ -	\$ 4,171,269
Investments	-	-	3,210,057	572,396	305,682	4,088,135	4,088,135
Accounts Receivable:							
User Charges	-	-	-	-	-	-	158,856
Special Assessments	-	-	-	-	-	-	47,267
Departmental	-	-	-	-	-	-	93,512
Intergovernmental	-	-	-	-	-	-	2,128,417
Total Assets	<u>\$ 563,728</u>	<u>\$ 564,399</u>	<u>\$ 3,210,057</u>	<u>\$ 572,396</u>	<u>\$ 305,682</u>	<u>\$ 4,088,135</u>	<u>\$ 10,687,456</u>
Liabilities:							
Warrants Payable	\$ 287	\$ 287	\$ -	\$ -	\$ -	\$ -	\$ 232,948
Accrued Payroll Payable	-	-	-	-	-	-	45,922
Due to Other Fund	-	-	-	-	-	-	252,531
Notes Payable	-	900,000	-	-	-	-	900,000
Total Liabilities	<u>287</u>	<u>900,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,431,401</u>
Deferred Inflows of Resources:							
Unavailable Revenues	-	-	-	-	-	-	2,160,813
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160,813</u>
Fund Equity:							
Fund Balances:							
Nonspendable	-	-	1,947,078	87,900	36,239	2,071,217	2,104,167
Restricted	563,441	563,441	1,262,979	484,496	269,443	2,016,918	5,230,884
Committed	-	-	-	-	-	-	810,167
Unassigned	-	(899,329)	-	-	-	-	(1,049,976)
Total Fund Balances	<u>563,441</u>	<u>(335,888)</u>	<u>3,210,057</u>	<u>572,396</u>	<u>305,682</u>	<u>4,088,135</u>	<u>7,095,242</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 563,728</u>	<u>\$ 564,399</u>	<u>\$ 3,210,057</u>	<u>\$ 572,396</u>	<u>\$ 305,682</u>	<u>\$ 4,088,135</u>	<u>\$ 10,687,456</u>

Concluded

Town of Acton, Massachusetts  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Fund  
Fiscal Year Ended June 30, 2016

	Special Revenue Town Grants	Special Revenue Revolving - Town	Special Revenue Donations and Gifts - Town	Special Revenue Other	<b>Subtotal Special Revenue Funds</b>	Capital Projects Town Hall Land Use	Capital Projects Land Purchase
<b>Revenues:</b>							
Licenses and Permits	\$ -	\$ -	\$ -	\$ 65,340	\$ 65,340	\$ -	\$ -
Intergovernmental	1,104,554	-	-	-	1,104,554	-	-
Charges for Services	-	799,661	-	1,038,556	1,838,217	-	-
Earnings on Investments	-	-	-	525	525	-	-
Contributions	10,500	-	154,165	-	164,665	-	-
Total Revenues	<u>1,115,054</u>	<u>799,661</u>	<u>154,165</u>	<u>1,104,421</u>	<u>3,173,301</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>							
Current							
General Government	476,445	-	69,744	133,959	680,148	-	-
Public Safety	117,109	247,435	12,022	883,390	1,259,956	-	-
Highways and Public Works	316,995	-	226,387	-	543,382	-	-
Human Services	111,739	154,466	70,837	611,830	948,872	-	-
Culture and Recreation	11,715	400,837	23,186	-	435,738	-	-
Capital Outlay	-	-	-	-	-	1,161	288
Total Expenditures	<u>1,034,003</u>	<u>802,738</u>	<u>402,176</u>	<u>1,629,179</u>	<u>3,868,096</u>	<u>1,161</u>	<u>288</u>
Excess of Revenues Over (Under) Expenditures	<u>81,051</u>	<u>(3,077)</u>	<u>(248,011)</u>	<u>(524,758)</u>	<u>(694,795)</u>	<u>(1,161)</u>	<u>(288)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers In	-	-	-	493,300	493,300	-	-
Transfers (Out)	(98,615)	-	-	(96,862)	(195,477)	-	-
Total Other Financing Sources (Uses)	<u>(98,615)</u>	<u>-</u>	<u>-</u>	<u>396,438</u>	<u>297,823</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(17,564)</u>	<u>(3,077)</u>	<u>(248,011)</u>	<u>(128,320)</u>	<u>(396,972)</u>	<u>(1,161)</u>	<u>(288)</u>
Fund Balance, Beginning	<u>(133,083)</u>	<u>532,763</u>	<u>1,518,992</u>	<u>1,821,295</u>	<u>3,739,967</u>	<u>1,161</u>	<u>(899,041)</u>
Fund Balance, Ending	<u>\$ (150,647)</u>	<u>\$ 529,686</u>	<u>\$ 1,270,981</u>	<u>\$ 1,692,975</u>	<u>\$ 3,342,995</u>	<u>\$ -</u>	<u>\$ (899,329)</u>

Continued on Next Page

Town of Acton, Massachusetts  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Fund  
Fiscal Year Ended June 30, 2016

	Capital Projects <u>Other</u>	<b>Subtotal</b> <b>Capital Projects</b>	Permanent Trust <u>Cemetery</u>	Permanent Trust <u>Library</u>	Permanent Trust <u>Other</u>	<b>Subtotal</b> <b>Permanent Trust</b>	Total Non Major Governmental <u>Funds</u>
<b>Revenues:</b>							
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	65,340
Intergovernmental	-	-	-	-	-	-	1,104,554
Charges for Services	-	-	-	-	-	-	1,838,217
Earnings on Investments	-	-	120,490	21,717	11,597	153,804	154,329
Contributions	-	-	45,810	-	-	45,810	210,475
Total Revenues	-	-	166,300	21,717	11,597	199,614	3,372,915
<b>Expenditures:</b>							
Current							
General Government	-	-	-	-	53	53	680,201
Public Safety	-	-	-	-	279	279	1,260,235
Highways and Public Works	-	-	13,741	-	-	13,741	557,123
Human Services	-	-	-	-	67	67	948,939
Culture and Recreation	-	-	-	762	-	762	436,500
Capital Outlay	7,600	9,049	-	-	-	-	9,049
Total Expenditures	7,600	9,049	13,741	762	399	14,902	3,892,047
Excess of Revenues Over (Under) Expenditures	(7,600)	(9,049)	152,559	20,955	11,198	184,712	(519,132)
<b>Other Financing Sources (Uses):</b>							
Transfers In	-	-	-	-	-	-	493,300
Transfers (Out)	-	-	-	-	-	-	(195,477)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	297,823
Net Change in Fund Balance	(7,600)	(9,049)	152,559	20,955	11,198	184,712	(221,309)
Fund Balance, Beginning	571,041	(326,839)	3,057,498	551,441	294,484	3,903,423	7,316,551
Fund Balance, Ending	\$ 563,441	\$ (335,888)	\$ 3,210,057	\$ 572,396	\$ 305,682	\$ 4,088,135	\$ 7,095,242

Concluded

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Non Major Special Revenue - Transportation Fund  
Fiscal Year Ended June 30, 2016

	Carried Forward from <u>Prior Year</u>	<u>Original</u>	<u>Final</u>	Actual Amounts ( <u>Budgetary Basis</u> )	Carried Forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<u>Revenues</u>						
Charges for Services	\$ -	\$ 178,099	\$ 178,099	\$ 158,316	\$ -	\$ (19,783)
Total Revenues	-	178,099	178,099	158,316	-	(19,783)
<u>Expenditures</u>						
Expenses	-	509,400	509,400	476,991	32,013	396
Total Expenditures	-	509,400	509,400	476,991	32,013	396
<u>Other Financing Sources and (Uses)</u>						
Transfers In	-	331,301	331,301	331,301	-	-
Total Other Financing Sources and (Uses)	-	331,301	331,301	331,301	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	-	12,626	(32,013)	(19,387)
Fund Balance Beginning of the Year	-	-	-	-	-	-
Fund Balance End of the Year	\$ -	\$ -	\$ -	\$ 12,626	\$ -	\$ -

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Non Major Special Revenue - Septage Fund  
Fiscal Year Ended June 30, 2016

	Carried Forward from <u>Prior Year</u>	<u>Original</u>	<u>Final</u>	Actual Amounts (Budgetary Basis)	Carried Forward to Subsequent <u>Year</u>	Variance to <u>Final Budget</u>
<u>Revenues</u>						
Charges for Services	\$ -	\$ 142,556	\$ 142,556	\$ 156,529	\$ -	\$ 13,973
Earnings on Investments	-	-	-	525	-	525
Total Revenues	-	142,556	142,556	157,054	-	14,498
<u>Expenditures</u>						
Salaries and Wages	-	102,601	102,601	104,039	-	(1,438)
Expenses	-	39,955	39,955	30,301	-	9,654
Total Expenditures	-	142,556	142,556	134,340	-	8,216
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	-	22,714	-	22,714
Fund Balance Beginning of the Year	-	149,153	149,153	149,153	-	-
Fund Balance End of the Year	\$ -	\$ 149,153	\$ 149,153	\$ 171,867	\$ -	\$ -

Town of Acton, Massachusetts  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Non Major Special Revenue - Ambulance Fund  
Fiscal Year Ended June 30, 2016

	Carried Forward from Prior Year	Original	Final	Actual Amounts (Budgetary Basis)	Carried Forward to Subsequent Year	Variance to Final Budget
<u>Revenues</u>						
Charges for Services	\$ -	\$ 664,000	\$ 664,000	\$ 555,406	\$ -	\$ (108,594)
Total Revenues	-	664,000	664,000	555,406	-	(108,594)
<u>Expenditures</u>						
Salaries and Wages	-	524,886	524,886	579,034	-	(54,148)
Expenses	2,913	372,283	372,283	304,355	16,688	54,153
Total Expenditures	2,913	897,169	897,169	883,389	16,688	5
<u>Other Financing Sources and (Uses)</u>						
Transfers In	-	162,000	162,000	162,000	-	-
Total Other Financing Sources and (Uses)	-	162,000	162,000	162,000	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(2,913)	(71,169)	(71,169)	(165,983)	(16,688)	(108,589)
Fund Balance Beginning of the Year	-	876,924	876,924	876,924	-	-
Fund Balance End of the Year	\$ -	\$ 805,755	\$ 805,755	\$ 710,941	\$ -	\$ -

# *Fiduciary Fund Categories*

## **Private Purpose Trust Funds**

Private purpose trust funds are used to account for resources that are held for the benefit of parties outside the government (i.e. charitable trusts, scholarship trusts).

Charity Fund – This fund is used to account for resources related to bequests made to the Town for charitable purposes.

## **Other Post-Employment Benefits Liability Trust Fund**

The Other Post-Employment Benefits Liability Trust Fund is used to account for the resources set aside by the Town to fund the retirees' health and life insurance liability. The Town adopted Massachusetts General Laws, Chapter 32, Section 20 which provides for the establishment of the fund.

## **Agency Fund**

Agency funds are used to account for the short-term custodial collections of resources on behalf of another individual, entity or government.

Town of Acton, Massachusetts  
Combining Statement of Net Position  
Fiduciary Funds  
June 30, 2016

	Private Purpose Trust Fund <u>Charity</u>	Other Post Employment Benefits <u>Trust</u>	Total Fiduciary <u>Funds</u>
<b>Assets</b>			
Investments	\$ 288,914	\$ 2,369,675	\$ 2,658,589
Total Assets	<u>\$ 288,914</u>	<u>\$ 2,369,675</u>	<u>\$ 2,658,589</u>
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>			
Held in Trust for OPEB Benefits and Other Purposes	<u>\$ 288,914</u>	<u>\$ 2,369,675</u>	<u>\$ 2,658,589</u>

Town of Acton, Massachusetts  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
Fiscal Year Ended June 30, 2016

	Private Purpose Trust Fund <u>Charity</u>	Other Post Employment Benefits <u>Trust</u>	Total Private-Purpose <u>Trust</u>
Additions:			
Employer Contributions	\$ -	\$ 566,800	\$ 566,800
Net Investment Income	<u>11,009</u>	<u>39,853</u>	<u>50,862</u>
Total Additions	<u>11,009</u>	<u>606,653</u>	<u>617,662</u>
Deductions:			
Trust Distributions	<u>1,713</u>	<u>-</u>	<u>1,713</u>
Change in Net Position	<u>9,296</u>	<u>606,653</u>	<u>615,949</u>
Net Position:			
Beginning of the Year	<u>279,618</u>	<u>1,763,022</u>	<u>2,042,640</u>
Ending of the Year	<u>\$ 288,914</u>	<u>\$2,369,675</u>	<u>\$ 2,658,589</u>

Town of Acton, Massachusetts  
Statement of Changes in Assets and Liabilities  
Agency Fund  
Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Assets</b>				
Cash and Cash Investments	\$ 1,583,399	\$23,206,164	\$23,219,584	\$ 1,569,979
Total Assets	<u>1,583,399</u>	<u>23,206,164</u>	<u>23,219,584</u>	<u>1,569,979</u>
<b>Liabilities</b>				
Warrants Payable	23,254	10,792,566	10,807,523	8,297
Due to Component Unit	629,331	28,000	6,471	650,860
Other	930,814	12,385,598	12,405,590	910,822
Total Liabilities	<u>\$ 1,583,399</u>	<u>\$23,206,164</u>	<u>\$23,219,584</u>	<u>\$ 1,569,979</u>

# *Statistical Section*

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## **Financial Trend**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

## **Revenue Capacity**

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Town of Acton, Massachusetts  
Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 109,573,255	\$ 112,137,634	\$ 112,630,806	\$ 123,516,112	\$ 125,181,483	\$ 124,135,789	\$ 128,017,274	\$ 128,335,782	\$ 109,815,077	\$ 111,660,065
Restricted	8,650,063	9,330,249	9,815,277	14,945,567	14,528,079	16,648,883	16,566,766	14,911,665	13,995,847	14,644,115
Unrestricted	<u>24,815,551</u>	<u>22,841,093</u>	<u>20,323,886</u>	<u>1,101,139</u>	<u>121,396</u>	<u>(2,014,908)</u>	<u>(822,724)</u>	<u>(1,182,386)</u>	<u>(42,376,959)</u>	<u>(44,607,074)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 143,038,869</u>	<u>\$ 144,308,976</u>	<u>\$ 142,769,969</u>	<u>\$ 139,562,818</u>	<u>\$ 139,830,958</u>	<u>\$ 138,769,764</u>	<u>\$ 143,761,316</u>	<u>\$ 142,065,061</u>	<u>\$ 81,433,965</u>	<u>\$ 81,697,106</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	1,878,219	1,121,828	1,318,690	1,510,488	1,393,955	1,122,678	1,122,317	1,112,535	1,211,364	1,282,177
Unrestricted	<u>23,723,094</u>	<u>23,632,188</u>	<u>22,264,589</u>	<u>24,038,048</u>	<u>22,948,277</u>	<u>21,845,108</u>	<u>21,595,820</u>	<u>21,100,340</u>	<u>19,051,754</u>	<u>17,400,790</u>
<b>Total Business-type Activities Net Position</b>	<u>\$ 25,601,313</u>	<u>\$ 24,754,016</u>	<u>\$ 23,583,279</u>	<u>\$ 25,548,536</u>	<u>\$ 24,342,232</u>	<u>\$ 22,967,786</u>	<u>\$ 22,718,137</u>	<u>\$ 22,212,875</u>	<u>\$ 20,263,118</u>	<u>\$ 18,682,967</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	111,451,474	113,259,462	113,949,496	125,026,600	126,575,438	125,258,467	129,139,591	129,448,317	111,026,441	112,942,242
Restricted	8,650,063	9,330,249	9,815,277	14,945,567	14,528,079	16,648,883	16,566,766	14,911,665	13,995,847	14,644,115
Unrestricted	<u>48,538,645</u>	<u>46,473,281</u>	<u>42,588,475</u>	<u>25,139,187</u>	<u>23,069,673</u>	<u>19,830,200</u>	<u>20,773,096</u>	<u>19,917,954</u>	<u>(23,325,205)</u>	<u>(27,206,284)</u>
<b>Total Primary Government Activities Net Position</b>	<u>\$ 168,640,182</u>	<u>\$ 169,062,992</u>	<u>\$ 166,353,248</u>	<u>\$ 165,111,354</u>	<u>\$ 164,173,190</u>	<u>\$ 161,737,550</u>	<u>\$ 166,479,453</u>	<u>\$ 164,277,936</u>	<u>\$ 101,697,083</u>	<u>\$ 100,380,073</u>

Data Source: Audited Financial Statements

Notes:

Above amounts were adjusted to reflect prior period adjustments - except for the 2015 prior period adjustment related to the implementation of GASB #68.

Beginning in fiscal year 2010, the Community Preservation Act fund balance was reported as restricted fund balance. It had been reported as unrestricted.

Beginning in fiscal year 2010, Massachusetts School Building Authority's share of long term debt was considered non capital related.

Beginning in fiscal year 2015, the Town fully regionalized its school system. In accordance with the regionalization agreement, capital assets related to the school (buildings, equipment...) were transferred to the Acton-Boxborough Regional School District. This caused a significant reduction in Net Investment in Capital Assets.

In fiscal year 2015, GASB Statement #68 was implemented requiring the Town to report the unfunded actuarial accrued liability related to pensions. The implementation of GASB #68 caused a reduction of the Government Activities - Unrestricted Net Position in the amount of \$41,050,336.

**THIS PAGE LEFT  
INTENTIONALLY BLANK**

Town of Acton, Massachusetts  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Expenses	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
General Government	\$ 5,975,259	\$ 6,694,402	\$ 7,265,199	\$ 7,723,442	\$ 7,565,406	\$ 7,840,931	\$ 8,164,815	\$ 8,593,144	\$ 8,578,307	\$ 8,114,019
Public Safety	6,852,601	7,119,437	7,280,663	6,719,393	7,300,753	7,978,973	8,192,749	8,201,547	8,754,650	9,451,107
Education	47,556,668	49,770,110	50,645,080	55,527,097	57,160,597	58,736,652	59,827,670	62,551,163	53,013,169	54,096,552
Highways and Public Works	2,728,218	3,054,702	2,971,877	3,409,695	3,384,408	3,300,843	3,750,820	4,297,273	4,784,065	4,017,148
Human Services	1,719,482	1,803,986	1,932,660	1,442,893	1,509,794	1,821,505	2,681,919	2,632,642	2,688,262	3,397,297
Culture and Recreation	1,010,220	1,166,486	1,199,756	1,756,220	1,718,825	1,872,516	1,815,135	2,427,419	1,984,760	1,999,666
Employee Benefits	7,145,340	7,867,362	11,641,091	8,257,314	8,371,686	8,555,932	6,912,937	7,563,997	8,436,224	8,603,930
Intergovernmental	201,736	219,000	234,647	-	-	-	-	-	-	-
Interest on Long-term Debt	1,080,466	1,422,885	1,138,519	915,272	853,934	784,868	853,957	867,672	519,120	462,504
<b>Total Government Activities Expenses</b>	<b>74,269,990</b>	<b>79,118,370</b>	<b>84,309,492</b>	<b>85,751,326</b>	<b>87,865,403</b>	<b>90,892,220</b>	<b>92,200,002</b>	<b>97,134,857</b>	<b>88,758,557</b>	<b>90,142,223</b>
<b>Business-Type Activities</b>										
Sanitation	567,297	562,158	536,781	620,004	657,036	727,553	663,877	647,494	614,092	608,863
Sewer	2,425,790	2,427,678	2,370,246	2,427,828	2,400,915	2,366,763	2,352,886	2,255,755	2,315,422	2,281,636
Nursing	586,611	636,860	767,263	773,649	728,750	614,531	568,026	519,188	514,637	-
<b>Total Business-Type Activities Expenses</b>	<b>3,579,758</b>	<b>3,626,696</b>	<b>3,674,290</b>	<b>3,821,481</b>	<b>3,786,701</b>	<b>3,708,847</b>	<b>3,584,789</b>	<b>3,422,437</b>	<b>3,444,151</b>	<b>2,890,499</b>
<b>Total Primary Government Expenses</b>	<b>\$ 77,849,748</b>	<b>\$ 82,745,066</b>	<b>\$ 87,983,782</b>	<b>\$ 89,572,807</b>	<b>\$ 91,652,104</b>	<b>\$ 94,601,067</b>	<b>\$ 95,784,791</b>	<b>\$ 100,557,294</b>	<b>\$ 92,202,708</b>	<b>\$ 93,032,722</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Services:										
General Government	\$ 298,844	\$ 337,243	\$ 239,853	\$ 721,958	\$ 385,134	\$ 395,755	\$ 358,437	\$ 419,124	\$ 491,725	\$ 537,334
Public Safety	1,098,124	989,413	1,060,347	929,412	815,258	1,300,079	1,503,328	1,881,840	1,729,649	1,553,846
Education	879,321	903,832	944,625	1,244,888	1,230,379	1,139,880	882,912	1,029,595	7,491	-
Highways and Public Works	156,523	161,152	112,174	1,000	25,994	9,420	6,013	3,092	15,651	2,229
Human Services	791,349	711,101	609,035	355,796	284,098	413,646	442,286	493,348	128,292	899,655
Culture and Recreation	53,614	43,513	51,473	461,933	383,932	427,867	396,163	389,820	384,469	438,890
Operating Grants and Contributions	8,146,994	9,841,626	11,040,558	11,933,644	12,938,309	13,519,601	14,151,048	13,129,117	5,265,591	2,312,191
Capital Grants and Contributions	478,784	569,197	571,307	513,776	523,327	-	4,524,343	542,488	446,212	152,695
<b>Total Government Activities Program Revenues</b>	<b>11,903,553</b>	<b>13,557,077</b>	<b>14,629,372</b>	<b>16,162,407</b>	<b>16,586,431</b>	<b>17,206,248</b>	<b>22,264,530</b>	<b>17,888,424</b>	<b>8,469,080</b>	<b>5,896,840</b>
<b>Business-Type Activities</b>										
Charges for Services:										
Sanitation	607,461	619,444	616,278	609,125	617,081	680,418	671,029	668,705	639,436	540,682
Sewer	1,196,120	1,042,800	1,387,686	1,090,808	1,147,946	880,224	930,586	892,959	949,261	872,133
Nursing	611,572	659,559	516,472	676,118	544,337	524,637	540,600	315,630	234,523	-
Operating Grants and Contributions	282,754	185,173	91,878	835,399	809,808	957,512	927,166	904,881	883,849	849,216
Capital Grants and Contributions	821,322	806,278	797,613	-	303,725	87,530	100,759	-	-	48,317
<b>Total Business-Type Activities Program Revenues</b>	<b>3,519,229</b>	<b>3,313,254</b>	<b>3,409,927</b>	<b>3,211,450</b>	<b>3,422,897</b>	<b>3,130,321</b>	<b>3,170,140</b>	<b>2,782,175</b>	<b>2,707,069</b>	<b>2,310,348</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 15,422,782</b>	<b>\$ 16,870,331</b>	<b>\$ 18,039,299</b>	<b>\$ 19,373,857</b>	<b>\$ 20,009,328</b>	<b>\$ 20,336,569</b>	<b>\$ 25,434,670</b>	<b>\$ 20,670,599</b>	<b>\$ 11,176,149</b>	<b>\$ 8,207,188</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (62,366,437)	\$ (65,561,293)	\$ (69,680,120)	\$ (69,588,919)	\$ (71,278,972)	\$ (73,685,972)	\$ (69,935,472)	\$ (79,246,433)	\$ (80,289,477)	\$ (84,245,383)
Business-Type Activities	(60,529)	(313,442)	(264,363)	(610,031)	(363,804)	(578,526)	(414,649)	(640,262)	(737,082)	(580,151)
<b>Total Primary Government Net Expense</b>	<b>\$ (62,426,966)</b>	<b>\$ (65,874,735)</b>	<b>\$ (69,944,483)</b>	<b>\$ (70,198,950)</b>	<b>\$ (71,642,776)</b>	<b>\$ (74,264,498)</b>	<b>\$ (70,350,121)</b>	<b>\$ (79,886,695)</b>	<b>\$ (81,026,559)</b>	<b>\$ (84,825,534)</b>

(Continued)

Town of Acton, Massachusetts  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Position	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Property Taxes	\$ 57,395,411	\$ 58,863,336	\$ 60,631,206	\$ 64,514,109	\$ 66,103,406	\$ 67,967,690	\$ 70,500,745	\$ 72,978,287	\$ 75,074,955	\$ 78,118,399
Motor Vehicle and Other Excise Taxes	2,662,192	2,897,507	2,449,134	2,607,181	2,612,767	2,568,195	2,823,357	2,919,465	3,239,547	3,444,387
Penalties and Interest on Taxes	140,196	185,981	115,996	129,092	323,733	389,984	150,149	210,867	213,593	227,064
Other Taxes, Assessments and In Lieu of	131,140	211,342	726,851	11,934	11,771	12,441	12,046	15,233	15,316	15,006
Intergovernmental - Unrestricted	3,266,664	3,284,233	2,942,724	1,324,707	1,271,625	1,276,872	1,274,777	1,302,663	1,321,715	1,592,198
Interest and Investment Income	735,567	712,994	278,320	196,502	130,319	100,921	96,587	87,867	104,468	74,847
Other Revenue	70,033	142,152	90,508	150,486	181,397	73,305	162,993	182,296	175,929	36,623
Contributions to Permanent Funds	-	-	-	57,360	91,571	103,860	75,370	-	34,670	-
Gain (Loss) on Disposal of Asset	-	-	-	(29,365)	(21,977)	(442,384)	(24,000)	(11,500)	-	-
Reassignment of Assets	-	-	-	-	-	-	-	-	169,113	-
Assumption of Long Term Liabilities	-	-	-	-	-	-	-	-	(199,927)	-
Special Items - Loss on Disposal of School Operations	-	-	-	-	-	-	-	-	(22,473,561)	-
Transfers, Net	(44,454)	(94,638)	635,000	(4,950)	842,500	573,894	(145,000)	(135,000)	1,243,489	1,000,000
<b>Total Governmental Activities</b>	<u>64,356,749</u>	<u>66,202,907</u>	<u>67,869,739</u>	<u>68,957,056</u>	<u>71,547,112</u>	<u>72,624,778</u>	<u>74,927,024</u>	<u>77,550,178</u>	<u>58,919,307</u>	<u>84,508,524</u>
<b>Business-Type Activities</b>										
Gain (Loss) on Disposal of Asset	-	-	-	-	-	-	20,000	-	-	-
Reassignment of Assets	-	-	-	-	-	-	-	-	(169,113)	-
Assumption of Long Term Liabilities	-	-	-	-	-	-	-	-	199,927	-
Transfers, Net	44,454	94,638	(635,000)	-	(842,500)	(795,920)	145,000	135,000	(1,243,489)	(1,000,000)
<b>Total Business-type Activities</b>	<u>44,454</u>	<u>94,638</u>	<u>(635,000)</u>	<u>-</u>	<u>(842,500)</u>	<u>(795,920)</u>	<u>165,000</u>	<u>135,000</u>	<u>(1,212,675)</u>	<u>(1,000,000)</u>
<b>Total Primary Government</b>	<u>\$ 64,401,203</u>	<u>\$ 66,297,545</u>	<u>\$ 67,234,739</u>	<u>\$ 68,957,056</u>	<u>\$ 70,704,612</u>	<u>\$ 71,828,858</u>	<u>\$ 75,092,024</u>	<u>\$ 77,685,178</u>	<u>\$ 57,706,632</u>	<u>\$ 83,508,524</u>
<b>Changes in Net Position</b>										
Governmental Activities	\$ 1,990,312	\$ 641,614	\$ (1,810,381)	\$ (631,863)	\$ 268,140	\$ (1,061,194)	\$ 4,991,552	\$ (1,696,255)	\$ (21,370,170)	\$ 263,141
Business-Type Activities	(16,075)	(218,804)	(899,363)	(610,031)	(1,206,304)	(1,374,446)	(249,649)	(505,262)	(1,949,757)	(1,580,151)
<b>Total Primary Government Changes in Net Position</b>	<u>\$ 1,974,237</u>	<u>\$ 422,810</u>	<u>\$ (2,709,744)</u>	<u>\$ (1,241,894)</u>	<u>\$ (938,164)</u>	<u>\$ (2,435,640)</u>	<u>\$ 4,741,903</u>	<u>\$ (2,201,517)</u>	<u>\$ (23,319,927)</u>	<u>\$ (1,317,010)</u>

(Concluded)

Data Source: Audited Financial Statements

Notes:

Beginning in fiscal year 2010, the intergovernmental general fund expenditures were reported by function.

Beginning in fiscal year 2010, the intergovernmental general fund revenues were reported as program revenues when applicable.

Beginning in fiscal year 2010, expenditures related to health insurance for school employees were reported as Education functional expenditures . Those expenditures were previously reported within the Employee Benefits function.

Above amounts were adjusted to reflect prior period adjustments

Beginning in fiscal year 2015, there was a transfer of operations of the Acton Public School System, Kindergarten to sixth grade, to the Acton-Boxborough Regional School District. Therefore, certain school related revenues (chapter 70 local aid, school grants and other special revenue funds) and expenditures ( school grants and other special revenue funds) are now revenues and expenditures of the Acton-Boxborough Regional School District. As a result, the fiscal year 2015 Education expenditures and the Education related revenues are substantially less than the prior fiscal year.

Beginning in fiscal year 2016, the Town was no longer in a special funding situation with the Massachusetts Teachers' Retirement System (MTRS). The special funding situation from fiscal year 2016 forward is between the MTRS and the Acton-Boxborough Regional School District. Therefore, the Town did not report an operating grant revenue or an Education expense related to a pension expense in a special funding situation in fiscal year 2016. The operating grant revenue/education expense reported in fiscal year 2015 was \$2,501,865.

In fiscal year 2015, the Nursing enterprise fund was closed to the general fund. Beginning in fiscal year 2016, the revenues and expenditures related the nursing activities are reported in the with the Governmental Activities. The Nursing expenditures are reported as Human Sevices and the Nursing revenues are reported as Human Service program revenues (charges for servies).

Town of Acton, Massachusetts  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,467,832	\$ 3,186,756	\$ 3,353,740	\$ 2,569,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,961,413	5,545,059	6,514,941	7,724,166	-	-	-	-	-	-
Committed	-	-	-	-	2,302,875	2,013,918	2,638,503	2,009,485	1,750,765	1,495,255
Assigned	-	-	-	-	2,126,226	1,308,583	2,269,913	1,596,387	2,807,648	3,783,178
Unassigned	-	-	-	-	7,823,281	9,691,909	9,959,734	12,103,520	12,292,571	10,148,999
<b>Total General fund</b>	<b><u>\$ 9,429,245</u></b>	<b><u>\$ 8,731,815</u></b>	<b><u>\$ 9,868,681</u></b>	<b><u>\$ 10,293,477</u></b>	<b><u>\$ 12,252,382</u></b>	<b><u>\$ 13,014,410</u></b>	<b><u>\$ 14,868,150</u></b>	<b><u>\$ 15,709,392</u></b>	<b><u>\$ 16,850,984</u></b>	<b><u>\$ 15,427,432</u></b>
All Other Governmental Funds										
Reserved	\$ 1,767,193	\$ 1,728,494	\$ 1,773,712	\$ 2,028,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved Reported in:										
Special Revenue Funds	9,423,242	10,565,651	10,760,391	10,420,754	-	-	-	-	-	-
Capital Project Funds	895,742	(174,096)	(1,080,352)	148,950	-	-	-	-	-	-
Permanent Funds	1,514,426	1,593,718	1,368,242	1,479,395	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,818,691	1,922,486	1,937,409	1,990,737	2,054,407	2,104,167
Restricted	-	-	-	-	9,663,298	11,587,369	12,546,863	11,374,285	10,354,933	10,152,591
Committed	-	-	-	-	2,158,920	2,353,385	2,454,423	1,730,267	726,077	810,167
Unassigned	-	-	-	-	(386,980)	(352,708)	-	-	(1,032,124)	(1,049,976)
<b>Total All Other Governmental Funds</b>	<b><u>\$ 13,600,603</u></b>	<b><u>\$ 13,713,767</u></b>	<b><u>\$ 12,821,993</u></b>	<b><u>\$ 14,077,837</u></b>	<b><u>\$ 13,253,929</u></b>	<b><u>\$ 15,510,532</u></b>	<b><u>\$ 16,938,695</u></b>	<b><u>\$ 15,095,289</u></b>	<b><u>\$ 12,103,293</u></b>	<b><u>\$ 12,016,949</u></b>

Data Source: Audited Financial Statements

- (1) 2011 balances reflect implementation of GASB 54.
- (2) The negative unreserved Capital Projects fund balances (fiscal years 2008, 2009) are the result of capital project expenditures before long term financing was in place.
- (2) The negative unassigned fund balances (fiscal years 2011, 2012, 2015 and 2016) are, primarily, the result of capital project expenditures occurring before long term financing was in place.
- (4) The fiscal year 2015 transfer of operations (school system) contributed to the decrease in committed and restricted fund balance - All Other Governmental Funds.

Town of Acton, Massachusetts  
Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Property Taxes	\$ 57,288,281	\$ 58,990,869	\$ 61,235,586	\$ 64,130,848	\$ 65,760,590	\$ 67,761,562	\$ 70,211,964	\$ 72,690,281	\$ 74,648,301	\$ 77,893,090
Tax Liens	-	-	-	372,152	248,123	427,398	78,900	203,679	208,954	414,436
Excises	2,690,322	2,869,975	2,520,198	2,514,503	2,702,506	2,587,467	2,829,935	2,918,815	3,253,222	3,319,183
Penalties and Interest	140,196	185,981	115,996	185,509	323,733	389,984	150,149	210,867	213,593	227,064
Licenses and Permits	-	-	-	196,224	183,246	196,664	285,253	215,238	306,958	631,213
Fees and Other Departmental	2,146,362	2,017,634	1,710,219	473,940	717,439	613,321	686,450	1,042,001	764,232	770,465
Intergovernmental	11,448,625	12,826,638	13,791,368	13,279,181	14,320,167	14,645,294	15,866,576	15,679,896	6,923,374	3,958,516
Charges for Services	2,211,418	2,155,361	2,096,113	3,307,675	2,839,146	2,864,964	2,390,181	2,779,428	1,785,919	1,875,482
Fines and Forfeits	-	-	-	152,218	129,828	110,102	119,031	90,672	135,009	125,975
Earnings on Investments	1,088,992	897,319	290,108	285,776	252,556	135,015	312,898	376,760	210,015	245,075
In Lieu of Taxes	-	-	-	11,934	11,771	12,441	12,046	15,233	15,316	15,006
Contributions	1,161,761	918,242	738,721	743,102	697,835	1,268,702	1,138,539	975,828	244,925	210,475
Miscellaneous	-	-	-	138,774	184,693	308,585	162,993	50,000	186,717	30,623
<b>Total Revenues</b>	<b>78,175,957</b>	<b>80,862,019</b>	<b>82,498,309</b>	<b>85,791,836</b>	<b>88,371,633</b>	<b>91,321,499</b>	<b>94,244,915</b>	<b>97,248,698</b>	<b>88,896,535</b>	<b>89,716,603</b>
<b>Expenditures</b>										
General Government	5,550,414	5,848,662	6,378,881	7,363,318	7,138,188	7,305,105	7,756,004	8,287,796	8,321,990	7,803,863
Public Safety	6,276,045	6,924,214	6,137,576	6,278,627	6,822,714	7,461,956	7,712,351	7,721,001	8,289,794	8,951,572
Education	46,966,317	48,958,266	50,101,248	55,439,657	56,382,116	58,309,808	59,294,289	61,865,952	53,013,169	54,096,552
Highways and Public Works	1,927,009	2,559,079	2,086,664	2,474,696	2,369,243	2,273,413	2,638,370	3,095,661	3,564,970	2,890,774
Human Services	1,704,518	1,763,345	1,812,878	1,423,963	1,462,501	1,753,193	2,609,785	2,560,767	2,641,779	3,372,756
Culture and Recreation	868,360	989,443	1,082,525	1,588,729	1,533,189	1,689,249	1,626,342	2,213,992	1,807,082	1,782,149
Intergovernmental	201,736	219,000	234,647	232,927	221,957	266,187	301,874	336,501	239,728	238,057
Employee Benefits	7,143,959	7,837,536	8,845,267	5,455,257	5,534,807	5,662,223	5,606,493	5,885,558	7,302,774	7,381,406
Capital Outlay	2,878,599	3,268,406	3,277,352	2,871,559	3,623,282	1,214,244	2,498,417	2,827,531	3,393,824	3,403,003
Debt Service										
Principal	1,703,444	1,981,746	1,779,027	1,859,282	2,009,876	2,029,920	1,900,257	2,129,617	2,104,038	2,065,990
Interest	1,174,989	1,176,255	1,152,152	998,511	981,263	911,464	967,482	702,826	604,430	553,739
Debt Issuance	-	-	-	-	-	-	-	127,521	-	-
<b>Total Expenditures</b>	<b>76,395,390</b>	<b>81,525,952</b>	<b>82,888,217</b>	<b>85,986,526</b>	<b>88,079,136</b>	<b>88,876,762</b>	<b>92,911,664</b>	<b>97,754,723</b>	<b>91,283,578</b>	<b>92,539,861</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,780,567</b>	<b>(663,933)</b>	<b>(389,908)</b>	<b>(194,690)</b>	<b>292,497</b>	<b>2,444,737</b>	<b>1,333,251</b>	<b>(506,025)</b>	<b>(2,387,043)</b>	<b>(2,823,258)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Bonds	1,222,500	174,305	-	1,880,280	-	-	2,093,652	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	12,220,000	-	-
Premium from Refunding Bonds	-	-	-	-	-	-	-	768,190	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-	-	-	(12,860,669)	-	-
Capital Lease Financing	-	-	-	-	-	-	-	-	-	313,362
Transfers In	119,024	111,848	882,652	775,463	1,530,157	1,007,258	440,619	1,127,738	2,226,401	1,591,916
Transfers (Out)	(163,478)	(206,486)	(247,652)	(780,413)	(687,657)	(433,364)	(585,619)	(1,751,398)	(982,912)	(591,916)
<b>Total Other Financing Sources (Uses)</b>	<b>1,178,046</b>	<b>79,667</b>	<b>635,000</b>	<b>1,875,330</b>	<b>842,500</b>	<b>573,894</b>	<b>1,948,652</b>	<b>(496,139)</b>	<b>1,243,489</b>	<b>1,313,362</b>
<b>Special Items</b>										
Loss on Disposal of School Operations	-	-	-	-	-	-	-	-	(706,850)	-
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(706,850)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,958,613</b>	<b>\$ (584,266)</b>	<b>\$ 245,092</b>	<b>\$ 1,680,640</b>	<b>\$ 1,134,997</b>	<b>\$ 3,018,631</b>	<b>\$ 3,281,903</b>	<b>\$ (1,002,164)</b>	<b>\$ (1,850,404)</b>	<b>\$ (1,509,896)</b>

**Debt Service as a**

Percentage of Noncapital

Expenditures	3.9%	4.0%	3.7%	3.4%	3.5%	3.4%	3.2%	3.0%	3.1%	2.9%
--------------	------	------	------	------	------	------	------	------	------	------

**Notes:**

Prior to fiscal year 2010, tax liens were reported with property taxes in the financial statements

From fiscal year 2010 forward, certain revenues previously reported in a combined "Fees and Other Departmental" category were reported by management in more specific categories (i.e. Licenses and Permits, Fines and Forfeits, Charges for Services, In Lieu of Taxes and Miscellaneous).

Beginning in fiscal year 2010, expenditures related to health insurance for school employees were reported as Education functional expenditures. Those expenditures were previously reported within the Employee Benefits function.

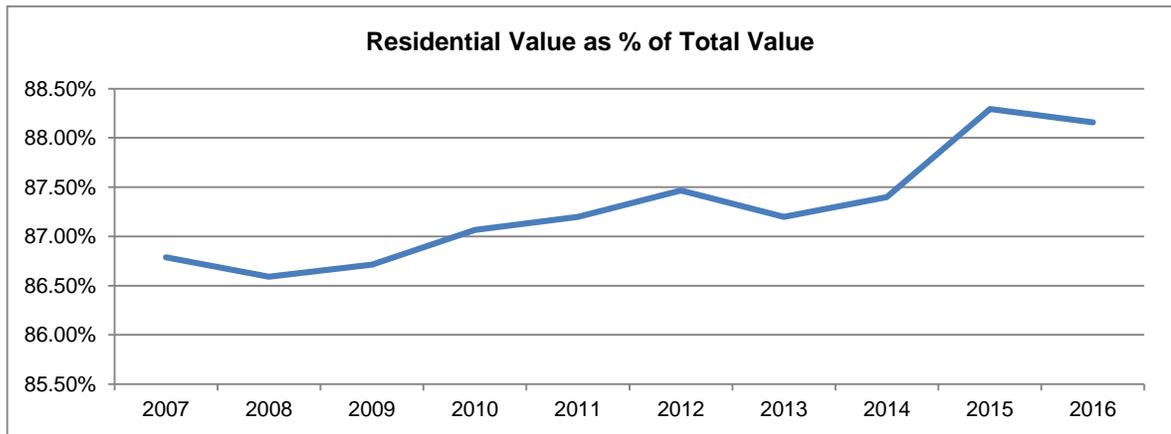
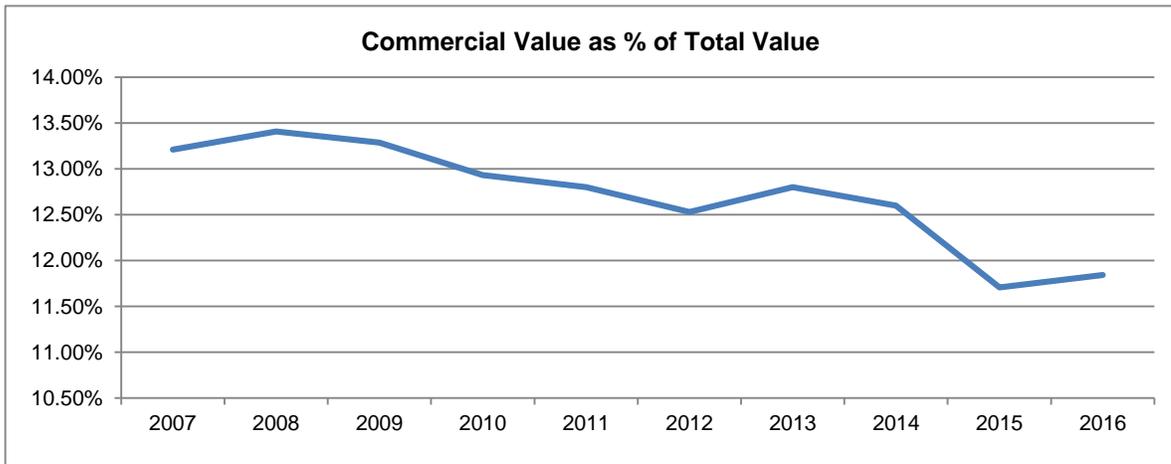
Beginning in fiscal year 2015, there was a transfer of operations of the Acton Public School System, Kindergarten to sixth grade, to the Acton-Boxborough Regional School District. Therefore, certain school related revenues (chapter 70 local aid, school grants and other special revenue funds) and expenditures (school grants and other special revenue funds) are now revenues and expenditures of the Acton-Boxborough Regional School District. As a result, the fiscal year 2015 Education expenditures and the Education related revenues are substantially less than the prior fiscal year.

Beginning in fiscal year 2016, the Town was no longer in a special funding situation with the Massachusetts Teachers' Retirement System (MTRS). The special funding situation from fiscal year 2016 forward was between the MTRS and the Acton-Boxborough Regional School District. Therefore, the Town did not report intergovernmental revenue or an Education expense related to a pension expense in a special funding situation in fiscal year 2016. The intergovernmental revenue/education expense reported in fiscal year 2015 was \$2,501,865.

In fiscal year 2015, the Nursing enterprise fund was closed to the general fund. Beginning in fiscal year 2016, the revenues and expenditures related the nursing activities are reported in the general fund. The Nursing expenditures are reported as Human Services and the Nursing revenues are reported as fees and other departmental.

Town of Acton, Massachusetts  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Residential % of Total Value	Commercial Property	Industrial Property	Personal Property	Total Commercial Property	Commercial % of Total Value	Total Taxable Assessed Value	Total Direct Tax Rate
2007	\$3,426,424,133	86.79%	\$364,989,988	\$115,243,945	\$41,313,257	\$521,547,190	13.21%	\$3,947,971,323	\$14.62
2008	\$3,334,950,720	86.59%	\$358,212,176	\$111,533,010	\$46,680,230	\$516,425,416	13.41%	\$3,851,376,136	\$15.39
2009	\$3,252,816,010	86.71%	\$336,316,163	\$103,515,920	\$58,607,037	\$498,439,120	13.29%	\$3,751,255,130	\$16.53
2010	\$3,257,545,318	87.07%	\$321,119,694	\$97,872,285	\$64,884,117	\$483,876,096	12.93%	\$3,741,421,414	\$17.12
2011	\$3,174,679,623	87.20%	\$309,194,597	\$90,955,570	\$65,944,035	\$466,094,202	12.80%	\$3,640,773,825	\$18.08
2012	\$3,185,180,125	87.47%	\$299,215,620	\$91,837,570	\$65,316,803	\$456,369,993	12.53%	\$3,641,550,118	\$18.55
2013	\$3,208,128,927	87.20%	\$312,904,977	\$94,158,445	\$63,924,158	\$470,987,580	12.80%	\$3,679,116,507	\$19.10
2014	\$3,247,953,628	87.40%	\$305,863,245	\$92,840,385	\$69,608,967	\$468,312,597	12.60%	\$3,716,266,225	\$19.45
2015	\$3,448,511,074	88.29%	\$303,720,173	\$91,365,090	\$62,157,821	\$457,243,084	11.71%	\$3,905,754,158	\$19.05
2016	\$3,556,433,998	88.16%	\$316,225,705	\$91,392,100	\$70,131,545	\$477,749,350	11.84%	\$4,034,183,348	\$19.23



All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls (new growth) and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation

Data Source:  
Board of Assessors & Town's tax recapitulation sheets

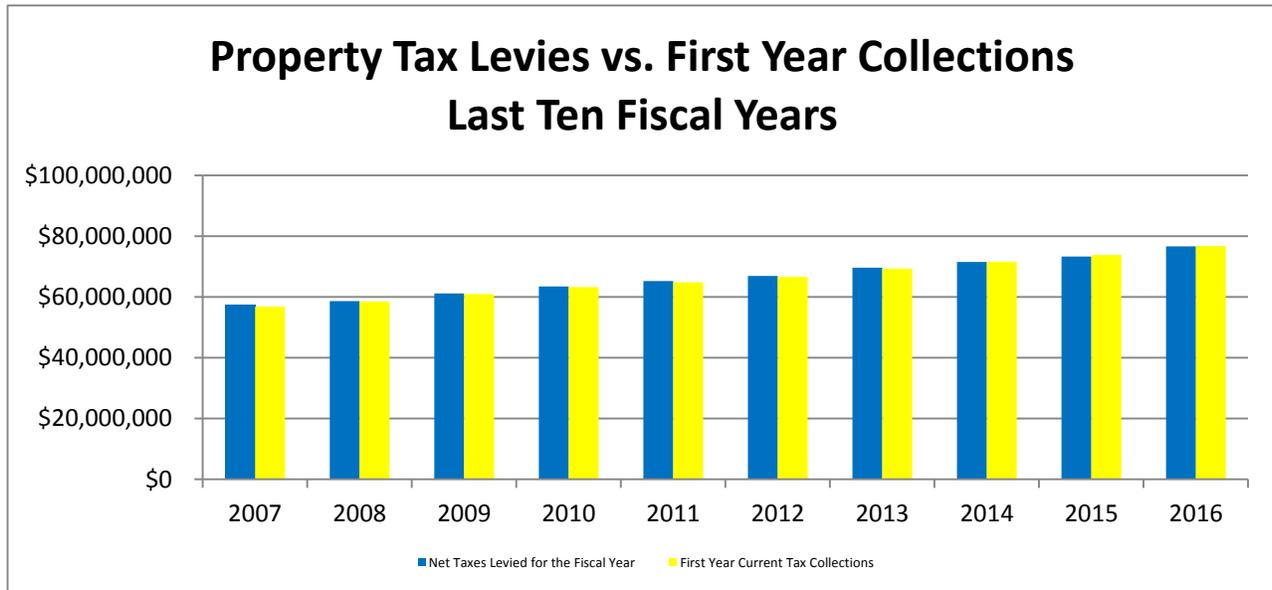
Town of Acton, Massachusetts  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Name	Nature of Business	2016				2007			
		Assessed Valuation	Amount of Tax	Percentage of Total Taxable Assessed Value	Rank	Assessed Valuation	Amount of Tax	Percentage of Total Taxable Assessed Value	Rank
Avalon Acton Inc.	Rental Housing	\$ 33,782,200	\$ 657,064	0.85%	1	\$ -	\$ -	0.00%	-
NSTAR Services	Utility	\$ 21,130,241	\$ 410,983	0.53%	2	\$ -	\$ -	0.00%	-
Verizon New England, Inc.	Telecommunications	\$ 17,261,500	\$ 335,736	0.44%	3	\$ -	\$ -	0.00%	-
Haartz Auto Fabric	Manufacturer	\$ 17,102,800	\$ 332,469	0.43%	4	\$ 21,289,100	\$ 311,247	0.54%	2
ND/Winrock Acton LLC	Office/R&D	\$ 13,222,600	\$ 257,180	0.33%	5	\$ -	\$ -	0.00%	-
E&A Northeast Ltd. Prtn.	Realty Investment	\$ 12,780,400	\$ 248,579	0.32%	6	\$ 12,981,200	\$ 189,785	0.33%	4
TIAA Realty Inc.	Realty Investment	\$ 12,184,800	\$ 236,994	0.31%	7	\$ -	\$ -	0.00%	-
Atlantic Acton Realty Trust	Realty Investment	\$ 10,373,500	\$ 201,765	0.26%	8	\$ 11,059,100	\$ 161,684	0.28%	5
Seachange International Inc.	Manufacturer	\$ 8,131,400	\$ 158,156	0.21%	9	\$ 10,479,500	\$ 153,210	0.27%	7
A-B Properties	Realty Investment	\$ 7,311,000	\$ 142,199	0.18%	10	\$ -	\$ -	0.00%	-
Koll Bren LLP	Realty Investment	\$ -	\$ -	0.00%	-	\$ 39,292,300	\$ 574,453	1.01%	1
LB February 2005 Nagog LLC	Realty Investment	\$ -	\$ -	0.00%	-	\$ 18,200,600	\$ 266,093	0.47%	3
Farm Hill AMLL LLP	Realty Investment	\$ -	\$ -	0.00%	-	\$ 11,051,900	\$ 161,579	0.28%	6
Auto Dealers Exchange	Auto Sales	\$ -	\$ -	0.00%	-	\$ 9,955,800	\$ 1,455,544	0.25%	8
Great Equity Partners LLC	Realty Investment	\$ -	\$ -	0.00%	-	\$ 7,600,200	\$ 111,116	0.19%	9
Nagog Knoll Realty Co.	Realty Investment	\$ -	\$ -	0.00%	-	\$ 6,555,500	\$ 95,841	0.17%	10
		<u>\$ 153,280,441</u>	<u>\$ 2,981,125</u>	<u>3.87%</u>		<u>\$ 148,465,200</u>	<u>\$ 3,480,552</u>	<u>3.80%</u>	

Data Source:  
Board of Assessors

Town of Acton, Massachusetts  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Less Abatements & Exemptions Provided	(1) & (2)	(3)	Percentage of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	(4)
			Net Taxes Levied for the Fiscal Year	First Year Current Tax Collections				Percentage of Net Levy
2007	\$57,719,341	(\$469,262)	\$57,250,079	\$56,799,978	99.21%	\$61,710	\$56,861,688	99.32%
2008	\$59,272,679	(\$605,267)	\$58,667,412	\$58,556,159	99.81%	\$63,851	\$58,620,010	99.92%
2009	\$62,008,247	(\$846,421)	\$61,161,826	\$60,958,789	99.67%	\$139,260	\$61,098,049	99.90%
2010	\$64,053,135	(\$558,253)	\$63,494,882	\$63,223,631	99.57%	\$51,047	\$63,274,678	99.65%
2011	\$65,825,191	(\$612,708)	\$65,212,483	\$64,819,703	99.40%	\$292,980	\$65,112,683	99.85%
2012	\$67,550,755	(\$615,641)	\$66,935,114	\$66,629,784	99.54%	\$293,782	\$66,923,566	99.98%
2013	\$70,271,125	(\$655,946)	\$69,615,179	\$69,362,198	99.64%	\$298,966	\$69,661,164	100.07%
2014	\$72,281,378	(\$745,041)	\$71,536,337	\$71,589,738	100.07%	\$342,926	\$71,932,664	100.55%
2015	\$74,404,617	(\$1,084,723)	\$73,319,894	\$73,813,295	100.67%	\$183,643	\$73,996,938	100.92%
2016	\$77,577,346	(\$942,864)	\$76,634,482	\$76,771,612	100.18%	\$0	\$76,771,612	100.18%



Data Source:

- (1) Tax recapitulation sheets
- (2) Massachusetts Division of Local Services website
- (3) Town's accounting system
- (4) If the actual abatements and exemptions issued are less than estimated, the Percentage of Net Levy can exceed 100%

Town of Acton, Massachusetts  
Ratios of Outstanding Debt by Type and General Bonded Debt  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Population	(2) Personal Income	(3) Assessed Valuation	Governmental Activities Debt					
				General Obligation Bonds	Per		Percentage of Personal Income	Percentage of Assessed Value	
					Leases	Capita			Capita
2007	20,482	\$ 1,224,285,000	\$ 3,947,971,323	\$ 28,765,176	\$ -	\$ 1,404	2.35%	0.73%	
2008	22,181	\$ 1,170,226,000	\$ 3,851,376,136	\$ 26,957,735	\$ -	\$ 1,215	2.30%	0.70%	
2009	21,908	\$ 1,085,528,000	\$ 3,751,255,130	\$ 25,178,708	\$ -	\$ 1,149	2.32%	0.67%	
2010	21,918	\$ 1,216,704,000	\$ 3,741,421,414	\$ 25,199,706	\$ -	\$ 1,150	2.07%	0.67%	
2011	22,071	\$ 1,245,096,000	\$ 3,640,773,825	\$ 23,189,830	\$ -	\$ 1,051	1.86%	0.64%	
2012	21,649	\$ 1,263,772,440	\$ 3,641,550,118	\$ 21,159,910	\$ -	\$ 977	1.67%	0.58%	
2013	21,564	\$ 1,282,729,027	\$ 3,679,116,507	\$ 21,353,305	\$ -	\$ 990	1.66%	0.58%	
2014	21,256	\$ 1,301,969,962	\$ 3,716,266,225	\$ 19,471,474	\$ -	\$ 916	1.50%	0.52%	
2015	21,366	\$ 1,182,757,662	\$ 3,905,754,158	\$ 17,249,750	\$ 87,685	\$ 811	1.47%	0.44%	
2016	22,031	\$ 1,219,570,067	\$ 4,034,183,348	\$ 15,063,024	\$ 263,706	\$ 696	1.26%	0.38%	

Fiscal Year Ended June 30,	Business-type Activities Debt		Total Primary Government			
	Sewer Fund	Sewer Fund Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$ 21,758,524	\$ -	\$ 50,523,700	\$ 2,467	4.13%	1.28%
2008	\$ 21,110,903	\$ -	\$ 48,068,638	\$ 2,167	4.11%	1.25%
2009	\$ 20,444,692	\$ -	\$ 45,623,400	\$ 2,082	4.20%	1.22%
2010	\$ 19,757,123	\$ -	\$ 44,956,829	\$ 2,051	3.69%	1.20%
2011	\$ 19,047,400	\$ -	\$ 42,237,230	\$ 1,914	3.39%	1.16%
2012	\$ 18,312,800	\$ -	\$ 39,472,710	\$ 1,823	3.12%	1.08%
2013	\$ 17,586,000	\$ -	\$ 38,939,305	\$ 1,806	3.04%	1.06%
2014	\$ 16,804,000	\$ -	\$ 36,275,474	\$ 1,707	2.79%	0.98%
2015	\$ 16,000,200	\$ 72,141	\$ 33,409,776	\$ 1,564	2.82%	0.86%
2016	\$ 15,164,400	\$ 48,738	\$ 30,539,868	\$ 1,386	2.50%	0.76%

Data Source:

(1) from Town Clerk

(2) U. S. Census

(3) Board of Assessors - Tax Recap Sheets

Town of Acton, Massachusetts  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2016

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Acton Boxborough Regional School District	\$ 14,325,000	88.54%	\$ 12,683,355
Lease Obligations			263,706
General Government Debt			15,063,024
Town Direct Debt			15,326,730
Total Direct and Overlapping Debt			\$ 28,010,085

Data Source:

Acton Boxborough Regional School District - based on regional school agreement

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Acton, Massachusetts. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this

Town of Acton, Massachusetts  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Amounts in Thousands)

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Equalized Valuation (1)	\$ 3,909,227	\$ 3,909,227	\$ 4,102,028	\$ 3,988,811	\$ 3,988,811	\$ 3,858,860	\$ 3,858,860	\$ 3,865,006	\$ 3,865,006	\$ 4,306,413
Debt Limit - 5% Equalized Valuation	195,461	195,461	205,101	199,441	199,441	192,943	192,943	193,250	193,250	215,321
Less:										
Outstanding Debt Applicable to Limit (2)	(32,179)	(30,599)	(29,028)	(29,267)	(27,487)	(25,708)	(26,194)	(24,152)	(22,382)	(20,615)
Authorized and Unissued Debt (2)	(1,050)	(876)	(3,897)	(2,265)	(2,265)	(4,317)	(1,499)	(1,345)	(1,345)	(1,345)
Total Debt Applicable to Limitation	<u>(33,229)</u>	<u>(31,475)</u>	<u>(32,925)</u>	<u>(31,532)</u>	<u>(29,752)</u>	<u>(30,025)</u>	<u>(27,693)</u>	<u>(25,497)</u>	<u>(23,727)</u>	<u>(21,960)</u>
Legal Debt Margin	<u>\$ 162,232</u>	<u>\$ 163,986</u>	<u>\$ 172,176</u>	<u>\$ 167,909</u>	<u>\$ 169,689</u>	<u>\$ 162,918</u>	<u>\$ 165,250</u>	<u>\$ 167,753</u>	<u>\$ 169,523</u>	<u>\$ 193,361</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	17.00%	16.10%	16.05%	15.81%	14.92%	15.56%	14.35%	13.19%	12.28%	10.20%

Data Source:

(1) MA Division of Local Services (DataBank)

(2) Town's Finance Department

Town of Acton, Massachusetts  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Year</u>	(1) <u>Population</u>	(2) Personal <u>Income</u>	(3) Per Capita Personal <u>Income</u>	(3) Median <u>Age</u>	(4) School <u>Enrollment</u>	(2) Unemployment <u>Rate</u>
2007	20,482	\$ 1,224,285,000	\$ 59,774	37.80	5,009	2.90%
2008	22,181	\$ 1,170,226,000	\$ 52,758	37.80	5,028	4.00%
2009	21,908	\$ 1,085,528,000	\$ 49,549	37.80	5,028	5.50%
2010	21,918	\$ 1,216,704,000	\$ 55,512	41.90	5,075	5.90%
2011	22,071	\$ 1,245,096,000	\$ 56,413	40.80	5,051	5.50%
2012	21,649	\$ 1,263,772,440	\$ 58,376	40.80	4,968	4.30%
2013	21,564	\$ 1,282,729,027	\$ 59,485	40.80	4,928	4.50%
2014	21,256	\$ 1,301,969,962	\$ 61,252	40.80	4,822	3.90%
2015	21,366	\$ 1,182,757,662	\$ 55,357	40.80	4,779	3.20%
2016	22,031	\$ 1,219,570,067	\$ 55,357	41.90	4,676	2.80%

Data Source:

(1) Town Clerk

(2) Massachusetts Division of Local Services databank website and US census data

(3) IRS website, SOI statistic study & US Census data; Current median age based on most recent census data

(4) Massachusetts Department of Elementary and Secondary Education website and Acton Boxborough Regional School District

Town of Acton, Massachusetts  
Principal Employers  
Current Year and Nine Years Ago

<u>Employers</u>	<u>Nature of Business</u>	<u>2016</u>			<u>2007</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Town Employment</u>
Acton Boxborough Regional School (2)	Municipal School District	886	1	7.04%	-	-	-
Haartz Inc.	Manufacturing	282	2	2.24%	300	2	2.68%
Roche Bros. Inc.	Retail Trade	260	3	2.06%	250	3	2.23%
Town of Acton (3)	Municipality	212	4	1.68%	494	1	4.41%
Acton Medical	Health Care Services	190	5	1.51%	190	4	1.70%
Lifecare Center of Acton	Nursing and Rehabilitation Services	160	6	1.27%	160	5	1.43%
Idylwilde Farm	Agricultural/Retail	110	7	0.87%	100	7	0.89%
Donelan's Market	Grocery	110	8	0.87%	115	10	1.03%
Stop & Shop	Grocery	100	9	0.79%	91	9	0.81%
Honeywell/Data Instruments	Manufacturing	67	10	0.53%	148	6	1.32%
LMI Inc..	Manufacturing	-	-	-	100	8	0.89%
<b>Total</b>		<b>1,491</b>			<b>1,948</b>		
<b>Total Employment for the Town of Acton (1)</b>		<b>12,591</b>			<b>11,194</b>		

Data Source:  
Official Statements

(1) MA Division of Local Services DataBank

(2) School Employees from Acton Boxborough Regional School District

(3) In fiscal year 2015, the Town's school system was regionalized. As a result, all Town of Acton's school employees became employees of the Acton-Boxborough Regional School District.

Town of Acton, Massachusetts  
Full Time Equivalent Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	35.30	39.95	40.70	38.95	37.95	39.34	39.34	40.43	28.36	28.15
Public Safety	90.00	90.25	92.40	91.98	92.18	92.18	91.78	97.18	97.40	97.40
Public Works	19.45	21.45	21.45	21.00	21.00	21.75	21.75	21.25	31.82	32.55
Education	305.00	307.80	318.80	316.50	316.40	327.00	339.30	331.30	0.00	0.00 (1)
Human Services	19.30	18.79	20.19	21.02	21.70	23.34	23.61	23.86	16.90	16.71
Culture and Recreation	15.83	15.69	16.27	18.22	18.56	18.96	18.67	18.90	29.97	30.34
Nursing	8.15	7.45	7.75	7.75	7.23	6.48	6.25	6.28	5.97	5.97
Sewer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>494.03</b>	<b>502.38</b>	<b>518.56</b>	<b>516.41</b>	<b>516.01</b>	<b>530.04</b>	<b>541.69</b>	<b>540.19</b>	<b>211.42</b>	<b>212.11</b>

Data Source:

Town - Budget Documents

School - Department of Secondary and Elementary Education website

- (1) In fiscal year 2015, the Town's school system was regionalized. As a result, all Town of Acton's school employees became employees of the Acton-Boxborough Regional School District.

Town of Acton, Massachusetts  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Finance										
Registered Voters	12,800	14,035	13,736	13,808	12,377	14,388	14,237	13,926	13,297	15,490
Taxable Property Parcels Assessed	8,505	8,562	8,598	8,604	8,701	8,719	8,745	8,834	9,067	9,136
Public Safety										
Police										
Physical Arrests	248	183	210	227	195	144	160	160	162	186
Traffic Violations	2,494	2,020	2,355	1,874	1,355	1,104	1,287	1,466	2,294	2,290
Fire and Rescue										
Emergency Responses	4,783	4,772	4,380	4,517	4,823	4,834	4,834	4,068	4,564	4,948
Fires Extinguished	89	94	74	93	87	90	71	35	39	51
Number of Inspections Conducted	811	677	730	720	729	722	944	772	755	960
Emergency Medical Responses	1,379	1,462	1,479	1,535	1,592	1,439	1,539	1,279	1,402	1,552
Building Inspection										
Building Permits	597	619	665	685	896	1,040	980	1,194	1,447	1,368
Estimated Construction Value (in Thousands)	37,742	35,648	22,812	24,824	33,345	39,005	40,228	51,262	36,730	35,706
Highways and Public Works										
Public Works										
Street Resurfacing (miles)	5	2	3	1	2	3	3	3	7	5
Salt Used (tons)	2,214	3,861	4,640	3,143	3,579	1,561	5,583	4,724	3,441	2,609
Sanitation										
Refuse Collected (tons)	N/A	N/A	3,584	3,784	3,672	3,640	3,513	3,535	3,408	2,411
Recycling (tons)	N/A	N/A	2,511	1,901	1,699	1,641	2,314	3,267	1,562	2,390
Sewage System										
Average Daily Sewage Treatment (Thousands of Gallons)	115,628	127,978	139,572	139,149	134,760	145,045	138,535	145,208	132,060	125,115
Number of House Connections	474	530	550	573	585	604	620	636	648	658
Human Services										
Senior Center										
Number of 60+ Residents per Town Census	3,217	3,495	3,511	3,717	3,938	4,060	4,210	4,344	4,489	4,815
Number of Elders Served	1,040	1,020	1,068	1,123	1,149	1,226	1,167	1,175	1,191	1,237
Number of Non-Seniors Served	250	220	245	210	112	94	61	21	29	49
Nursing Services										
Home Visits:										
Registered Nurse	1,820	1,883	1,652	1,714	1,623	1,489	1,673	1,207	1,258	1,887
Home Health Aide	2,618	2,659	2,431	1,545	2,190	1,983	2,073	1,586	1,547	1,621
Physical Therapy	1,377	1,390	1,257	1,360	1,158	1,192	1,194	534	481	581
Occupational Therapy	79	83	91	73	70	70	123	28	131	207
Speech Therapy	N/A	N/A	14	1	2	1	35	N/A	N/A	5
Medical Social Work	1	N/A	1	1	5	N/A	N/A	N/A	N/A	N/A
Total Home Visits	5,895	6,015	5,446	4,694	5,048	4,735	5,098	3,355	3,417	4,300
Health Promotion Activities:										
TB Testing	134	21	14	31	26	15	6	N/A	15	8
Blood Pressure Checks	505	235	720	776	402	595	806	798	718	355
Podiatry Clinic	276	292	420	381	381	255	285	289	182	180
Influenza Vaccinations	1,273	1,590	1,385	1,540	1,326	845	1,690	1,006	618	1,200
Other Vaccinations	66	66	140	124	23	17	27	17	24	35
H1N1 Vaccinations	N/A	N/A	4,000	N/A						
Culture and Recreation										
Public Library										
Volumes in Collections	154,770	161,250	164,181	167,872	166,734	179,188	192,073	191,500	200,573	244,952
Total Volumes Borrowed	557,582	609,947	665,137	686,737	679,790	658,938	634,492	580,323	562,385	559,544

Data Source:  
Various Town Departments

N/A - Information not available

Town of Acton, Massachusetts  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Number of Buildings	15	15	15	17	17	17	15	15	15	17
Public Safety										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	5	5	5	5	5	5	5	5	5	6
Animal Control Facilities	1	1	1	1	1	1	1	1	1	1
Fire										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Trucks	11	12	12	12	12	12	12	12	12	12
Number of Ambulances	1	1	1	2	2	2	2	2	2	2
Education										
Number of Elementary Schools	4	4	4	4	4	4	4	4	0	0 (1)
Highway and Public Works										
Public Works										
Miles of Streets	107.3	107.3	107.3	107.5	108.3	108.3	108.4	108.4	108.4	108.4
Miles of Highways	10.3	10.3	10.3	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Number of Cemeteries	2	2	2	2	2	2	2	2	2	2
Number of Snow Plows	13	13	13	13	13	13	13	13	13	13
Human Services										
Council on Aging - Senior Center	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation Land (Acreage)	30.25	30.25	30.25	30.25	30.25	32.25	32.25	32.25	32.25	32.25
Number of Playgrounds	7	7	7	6	6	6	5	6	6	6
Number of Ball fields	10	10	10	10	10	12	12	12	12	12
Number of Tennis Courts	2	2	2	2	2	2	2	2	2	2
Number of Public Beaches/Pools	1	1	1	1	1	1	1	1	1	1
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Sanitation										
Landfill (Acreage)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Sewer										
Miles of Sanitary Sewers	10.21	10.21	10.21	10.21	10.21	10.21	10.21	10.21	10.21	10.21
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1

Data Source:  
Finance Department

(1) In fiscal year 2015, the town fully regionalized the school system. All of the school buildings were transferred to the Acton-Boxborough Regional School District.