

TOWN OF HOLLAND, MASSACHUSETTS

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

For the Year Ended June 30, 2018

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Independent Auditor's Report

To the Honorable Selectboard
Town of Holland, Massachusetts

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

June 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,780,465 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,529,769, or an increase of \$250,696 (7%).
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the Town recognized an increase to the Other Post employment Benefits (OPEB) obligation payable of \$1,743,316 on the statement of net position from the previous year, see Note 5.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$3,513,720 an increase of \$416,676 (13%) in comparison with prior year.
- The General Fund's total fund balance increased \$297,592 (21%) to \$1,738,995. The ending General fund balance is 23% of revenues and 24% of expenditures and transfers out.
- Total long-term liabilities of the Town decreased by \$501,928 (6%) to \$7,796,843 during the fiscal year. This change was mainly the result of a net increase in notes payable of \$112,564; and decreases in the net Other Post Employment Benefits (OPEB) liability of \$349,245, in the net pension liability of \$165,075 and in the net bonds payable of \$95,000.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$371,826. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$164,100 and excess over budget state and local receipts of \$99,300.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Holland's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

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

The Town of Holland adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2018	2017	Change
Assets:			
Current assets	\$ 5,677,713	\$ 5,167,562	\$ 510,151
Noncurrent assets	3,525	6,941	(3,416)
Capital assets	6,131,319	6,009,719	121,600
Total assets	11,812,557	11,184,222	628,335
Deferred Outflows of Resources	582,476	709,934	(127,458)
Liabilities:			
Current liabilities (excluding debt)	484,384	490,199	(5,815)
Current debt	207,564	95,000	112,564
Noncurrent liabilities (excluding debt)	7,009,895	7,523,572	(513,677)
Noncurrent debt	95,000	190,000	(95,000)
Total liabilities	7,796,843	8,298,771	(501,928)
Deferred Inflows of Resources	817,725	65,616	752,109
Net Position:			
Net investment in capital assets	5,948,260	5,734,943	213,317
Restricted	1,806,089	1,713,864	92,225
Unrestricted	(3,973,884)	(3,919,038)	(54,846)
Total net position	\$ 3,780,465	\$ 3,529,769	\$ 250,696

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 502,107	\$ 362,914	\$ 139,193
Operating grants and contributions	2,336,559	2,222,944	113,615
Capital grants and contributions	157,593	155,156	2,437
General Revenues:			
Property taxes	5,324,294	5,275,354	48,940
Motor vehicle and other excise taxes	325,941	320,613	5,328
Penalties and interest on taxes	124,123	55,669	68,454
Nonrestricted grants and contributions	224,844	211,685	13,159
Unrestricted investment income	12,859	6,100	6,759
Miscellaneous	478	85	393
Total revenues	9,008,798	8,610,520	398,278
Expenses:			
General government	526,742	662,862	(136,120)
Public safety	726,280	586,056	140,224
Public works	806,171	878,264	(72,093)
Education	4,684,474	4,649,876	34,598
Health and human services	137,532	125,975	11,557
Culture and recreation	93,304	99,872	(6,568)
Employee benefits and insurance	1,721,491	1,676,379	45,112
State assessments	57,193	7,851	49,342
Interest	4,915	5,746	(831)
Total expenses	8,758,102	8,692,881	65,221
Change in net position	250,696	(82,361)	333,057
Net position - beginning of year	3,529,769	3,612,130	(82,361)
Net position - end of year	\$ 3,780,465	\$ 3,529,769	250,696

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,780,465 at the close of fiscal year 2018.

Net position of \$5,948,260 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$1,806,089 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$3,973,884).

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

The governmental activities net position increased by \$250,696 (7%) during current the fiscal year. The key elements of the increase in net position for fiscal year 2018 were attributed to net increases in the governmental funds of \$416,676, as a result of the acquisition of \$511,206 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$389,606 and recognizing this year's net change in the OPEB obligation of \$349,245; and decreases resulting from the changes in deferred outflow/inflow of resources related to OPEB of \$548,030 and related to pensions of \$331,537 compared to the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,513,720, or an increase of \$416,676 (13%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$13,146 (1%).
- Restricted fund balance – \$1,766,965 (50%).
- Assigned fund balance – \$432,129 (12%).
- Unassigned fund balance – \$1,301,480 (37%).

Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the current fiscal year, the General Fund reported a total fund balance of \$1,738,995 increasing \$297,592 (21%) from the prior year. Of the \$1,738,995, the unassigned amount is \$1,306,866 (75%) and the assigned amount is \$432,129 (25%). General fund revenues were \$434,532 (6%) more than the prior fiscal year and expenditures also increased by \$20,460 (.3%). Other activity in the General Fund consisted of net transfers out to other funds of \$18,000.

The main components of the increase in General Fund revenues were related to increases in property taxes collected of \$254,060 (5%), in intergovernmental receipts of \$46,393 (4%), in interest on delinquent taxes of \$68,454 (123%) and with intergovernmental on-behalf payments of \$44,809 (9%) from the prior year.

The major changes with the General Fund expenditures from the prior fiscal year were as follows:

- Decrease in Public works expenditures of \$83,204 (11%).
- Increase in Education expenditures of \$56,083 (1%).
- Increase in Employee benefits and insurance of \$116,622 (9%).
- Increase in State assessments of \$49,342 (628%). Mainly in the charter school and school choice sending tuitions.
- Decrease in Debt expenditures (principal and interest) of \$172,734 (63%).

The *Butterworth School Fund* is used to account for school improvements and maintenance. The fund has accumulated a balance of \$522,001 and shows a decrease of \$5,151 (1%) in total operations. This is attributed to interest income of (\$3,201) and expenditures of \$1,950.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$1,252,724 increasing \$124,235 (11%) as revenues exceeded expenditures by \$106,235. Other activity consisted of net transfers in from the General Fund of \$18,000.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$7,159,388. This was a decrease of \$64,630 (1%) over the previous year's budget.

There was an increase of \$48,762 between the total original budget and the total final amended budget. The change is attributed to adjustments voted at the Special Town Meeting in October 2017 and the Annual Town Meeting in May 2018 for various budget operating line items.

General fund expenditures were less than budgeted by \$370,257. Of the \$370,257 in under budget expenditures, \$206,148 has been carried over to fiscal year 2019.

A negative variance exists in state assessments of \$13,538 due to a lower assessment in the school choice sending tuitions of \$19,950 and a higher assessment in the charter school sending tuitions of \$6,412 than the actual payments.

Overall, the variance with the final budget was a positive \$364,940 consisting of a revenue surplus of \$200,831 and an appropriation surplus of \$164,109.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2018 amounts to \$6,131,319.

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

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

- Town Building's energy improvements for \$185,485.
- Fire Department vehicle purchase for \$39,000.
- Road infrastructure improvements for \$253,508.
- Holland Elementary School roof improvements for \$33,213.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2018, totaled \$190,000 of which \$170,000 is for departmental vehicles and \$20,000 is for the landfill capping.

The Town has a bond anticipation note outstanding consisting of \$112,564 in the governmental activities as of June 30, 2018 for the energy efficiency projects.

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

Next Year's Annual Town Meeting

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

The Annual Town Meeting on May 15, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

From raise and appropriate		\$	6,945,873
From other available funds:			
General Fund:			
Unreserved fund balance:			
Free cash	\$	129,360	
Appropriations		<u>10,840</u>	140,200
Stabilization fund			
Capital stabilization fund		127,800	
Catch basin stabilization fund		18,000	
Road improvement stabilization fund		<u>50,000</u>	<u>195,800</u>
			<u>\$ 7,281,873</u>

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

	Primary Government
	Governmental
	Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 3,551,102
Investments	371,629
Receivables, net of allowance for uncollectibles:	
Property Taxes	153,573
Tax Liens	992,559
Tax Foreclosures	347,776
Excise Taxes	52,209
Departmental	23,411
Due from Other Governments	185,454
Total current assets	5,677,713
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Due from Other Governments	3,525
Capital Assets, net of accumulated Depreciation	
Nondepreciable	1,100,823
Depreciable	5,030,496
Total noncurrent assets	6,134,844
Total Assets	11,812,557
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	582,476
Total Deferred Outflows of Resources	582,476
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	201,661
Accrued Payroll	249,426
Payroll Withholdings	25,517
Other	6,196
Accrued Interest	1,584
Notes Payable	112,564
Bonds Payable	95,000
Total current liabilities	691,948
NONCURRENT:	
Compensated Absences	16,950
Net OPEB Liability	3,731,446
Net Pension Liability	3,261,499
Bonds Payable	95,000
Total noncurrent liabilities	7,104,895
Total Liabilities	7,796,843
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	269,695
Deferred Inflows Related to OPEB	548,030
Total Deferred Inflows of Resources	817,725
NET POSITION	
Net Investment in Capital Assets	5,948,260
Restricted for:	
Federal & State Grants	162,514
Permanent Funds:	
Expendable	585,741
Nonexpendable	13,146
Other Purposes	1,044,688
Unrestricted	(3,973,884)
Total Net Position	\$ 3,780,465

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

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

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 526,742	\$ 63,261	\$ 270,017	\$ -	\$ (193,464)
Public Safety	726,280	288,095	4,106	-	(434,079)
Public Works	806,171	3,210	11,606	157,593	(633,762)
Education	4,684,474	125,966	1,472,461	-	(3,086,047)
Health and Human Services	137,532	12,889	34,852	-	(89,791)
Culture and Recreation	93,304	8,686	7,311	-	(77,307)
Employee Benefits and Insurance	1,721,491	-	535,266	-	(1,186,225)
State Assessments	57,193	-	-	-	(57,193)
Interest	4,915	-	940	-	(3,975)
Total Governmental Activities	8,758,102	502,107	2,336,559	157,593	(5,761,843)
Total Primary Government	\$ 8,758,102	\$ 502,107	\$ 2,336,559	\$ 157,593	(5,761,843)
General Revenues:					
Property Taxes					5,324,294
Motor vehicle excise and other taxes					325,941
Penalties & Interest on Taxes					124,123
Grants & Contributions not restricted to specific programs					224,844
Unrestricted Investment Income					12,859
Miscellaneous					478
Total General Revenues					6,012,539
					250,696
					3,529,769
					\$ 3,780,465

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

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

	General Fund	Butterworth School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,130,757	\$ 157,114	\$ 1,263,231	\$ 3,551,102
Investments	6,742	364,887	-	371,629
Receivables, net of allowance for uncollectibles:				
Property Taxes	153,573	-	-	153,573
Tax Liens	992,559	-	-	992,559
Tax Foreclosures	347,776	-	-	347,776
Excise Taxes	52,209	-	-	52,209
Departmental	-	-	23,411	23,411
Due from Other Governments	10,728	-	170,720	181,448
Total Assets	\$ 3,694,344	\$ 522,001	\$ 1,457,362	\$ 5,673,707
Liabilities:				
Warrants and Accounts Payable	\$ 151,157	\$ -	\$ 50,504	\$ 201,661
Accrued Payroll	233,834	-	15,592	249,426
Payroll Withholdings	25,517	-	-	25,517
Other	6,196	-	-	6,196
Notes Payable	-	-	112,564	112,564
Total Liabilities	416,704	-	178,660	595,364
Deferred Inflows of Resources - Unavailable Revenue	1,538,645	-	25,978	1,564,623
Fund Balance:				
Nonspendable	-	-	13,146	13,146
Restricted	-	522,001	1,244,964	1,766,965
Assigned	432,129	-	-	432,129
Unassigned	1,306,866	-	(5,386)	1,301,480
Total Fund Balance	1,738,995	522,001	1,252,724	3,513,720
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,694,344	\$ 522,001	\$ 1,457,362	\$ 5,673,707

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

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

	General Fund	Butterworth School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 5,343,603	\$ -	\$ -	\$ 5,343,603
Intergovernmental	1,235,253	-	880,939	2,116,192
Excise and Other Taxes	317,276	-	-	317,276
Licenses, Permits and Fines	10,889	-	-	10,889
Fees and Other Departmental	11,360	-	474,168	485,528
Investment Income	12,859	(3,201)	472	10,130
Interest on Delinquent Taxes	124,123	-	-	124,123
Other	-	-	77,565	77,565
Intergovernmental - "On-behalf" Payments	539,636	-	-	539,636
Total Revenues	7,594,999	(3,201)	1,433,144	9,024,942
Expenditures:				
Current:				
General Government	429,095	-	231,345	660,440
Public Safety	430,872	-	269,363	700,235
Public Works	647,684	-	171,548	819,232
Education	4,081,410	1,950	604,045	4,687,405
Health and Human Services	99,796	-	35,791	135,587
Culture and Recreation	77,744	-	14,817	92,561
Employee Benefits and Insurance	1,356,244	-	-	1,356,244
State Assessments	57,193	-	-	57,193
Debt Service:				
Principal	95,000	-	-	95,000
Interest	4,369	-	-	4,369
Total Expenditures	7,279,407	1,950	1,326,909	8,608,266
Excess of Revenues Over (Under) Expenditures	315,592	(5,151)	106,235	416,676
Other Financing Sources (Uses):				
Operating Transfers In	-	-	18,000	18,000
Operating Transfers Out	(18,000)	-	-	(18,000)
Total Other Financing Sources (Uses)	(18,000)	-	18,000	-
Net Change in Fund Balances	297,592	(5,151)	124,235	416,676
Fund Balances, Beginning of Year	1,441,403	527,152	1,128,489	3,097,044
Fund Balances, End of Year	\$ 1,738,995	\$ 522,001	\$ 1,252,724	\$ 3,513,720

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

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

Total Governmental Fund Balances	\$	3,513,720
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		6,131,319
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,572,154
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		(235,249)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (190,000)	
Net Other Post Employment Benefits Liability	(3,731,446)	
Net Pension Liability	(3,261,499)	
Compensated Absences	<u>(16,950)</u>	(7,199,895)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(1,584)</u>
Net Position of Governmental Activities	\$	<u><u>3,780,465</u></u>

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

TOWN OF HOLLAND, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 416,676

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

Capital Outlay Purchases	\$ 511,206	
Depreciation	<u>(389,606)</u>	121,600

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue and WPAT subsidy. (16,144)

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

Repayment of Debt Principal		95,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(643)	
Net Change in Net Other Post Employment Benefits Liability	349,245	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(548,030)	
Net Change in Net Pension Liability	165,075	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(331,537)	
Net Change in Accrued Interest on Long-Term Debt	<u>(546)</u>	<u>(366,436)</u>

Change in Net Position of Governmental Activities \$ 250,696

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

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

	Budgeted Amounts						
	Amounts Carried			Actual Budgetary Amounts	Amounts Carried		Variance with Final Budget Positive (Negative)
	Forward from Prior Year	Original Budget	Final Budget		Forward to Next Year	Final Budget	
Revenues:							
Property Taxes	\$ -	\$ 5,273,931	\$ 5,277,631	\$ 5,379,203	\$ -	\$ -	\$ 101,572
Intergovernmental	-	1,230,560	1,230,560	1,235,253	-	-	4,693
Excise and Other Taxes	-	300,000	300,000	317,276	-	-	17,276
Licenses, Permits and Fines	-	7,200	7,200	10,889	-	-	3,689
Fees and Other Departmental	-	10,100	10,100	11,360	-	-	1,260
Investment income	-	5,000	5,000	8,218	-	-	3,218
Interest on Delinquent Taxes	-	55,000	55,000	124,123	-	-	69,123
Total Revenues	-	6,881,791	6,885,491	7,086,322	-	-	200,831
Expenditures:							
Current:							
General Government	68,714	476,905	547,516	429,095	50,181	50,181	68,240
Public Safety	411	442,755	444,129	430,872	60	60	13,197
Public Works	66	633,691	679,659	647,684	16,480	16,480	15,495
Education	148,899	4,088,646	4,237,545	4,130,770	99,479	99,479	7,296
Health and Human Services	34,574	114,546	149,120	99,796	34,537	34,537	14,787
Culture and Recreation	-	113,193	113,193	77,744	3,811	3,811	31,638
Employee and Pension Benefits	725	840,824	841,549	820,978	1,600	1,600	18,971
State Assessments	-	43,655	43,655	57,193	-	-	(13,538)
Debt Service:							
Principal	-	91,717	91,717	91,717	-	-	-
Interest	-	11,305	11,305	3,282	-	-	8,023
Total Expenditures	253,389	6,857,237	7,159,388	6,789,131	206,148	206,148	164,109
Excess of Revenues Over (Under) Expenditures	(253,389)	24,554	(273,897)	297,191	(206,148)	(206,148)	364,940
Other Financing Sources (Uses):							
Operating Transfers In	-	39,000	39,000	39,000	-	-	-
Operating Transfers Out	-	(287,231)	(305,231)	(305,231)	-	-	-
Total Other Financing Sources (Uses)	-	(248,231)	(266,231)	(266,231)	-	-	-
Net Change in Budgetary Fund Balance	(253,389)	(223,677)	(540,128)	\$ 30,960	\$ (206,148)	\$ (206,148)	\$ 364,940
Other Budgetary Items:							
Free Cash and Other Reserves	-						
Prior Year Deficits	-	223,677	286,739				
Prior Year Encumbrances	253,389	-	253,389				
Total Other Budgetary Items	253,389	223,677	540,128				
NET BUDGET	\$ -	\$ -	\$ -				

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

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

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 7,086,322	\$ 6,789,131
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	4,641	-
Recognition of Intergovernmental Revenue - "on behalf payments"	539,636	-
Recognition of Expenditures - "on behalf payments"	-	539,636
Teachers Summer Payroll Accrual	-	(49,360)
Net Decrease in Revenue from Recording 60-Day Receipts	(35,600)	-
	\$ 7,594,999	\$ 7,279,407
Reported on a GAAP Basis	\$ 7,594,999	\$ 7,279,407

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

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

	Other Post Employment Benefits Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 47,816
Investments	114,914	-
Total Assets	114,914	47,816
LIABILITIES		
Warrants Payable	-	4,752
Due to Others	-	3,236
Due to Students	-	22,821
Escrows and Deposits	-	17,007
Total Liabilities	-	47,816
NET POSITION		
Held in Trust for Other Purposes	\$ 114,914	\$ -

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

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

	Other Post Employment Benefits Trust Fund
Additions:	
Employer Contributions	\$ 92,842
Investment Income	9,740
Total Additions	102,582
Deductions:	
Employee Benefits	67,842
Total Deductions	67,842
Change in Net Position	34,740
Net Position at Beginning of Year	80,174
Net Position at End of Year	\$ 114,914

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1783 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Selectboard.

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

The Town is responsible for electing the governing board and/or committee members of the Tantasqua Regional School District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing members of the board. Audited financial statements are available from the respective organizations. A description of the related organization is as follows:

Tantasqua Regional School District - A regional school district made up of five communities to serve the educational needs of students for grades 7 through 12. The Town elects five members for its representation. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

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

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

Major Fund Criteria

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

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

and

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

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

Fiduciary funds are reported by fund type.

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 recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

Fund financial statements

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

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

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

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

The Town reports the following major governmental fund:

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

The *Butterworth school fund* is used to account for financial resources of school improvements and maintenance.

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents". Excluding the permanent funds, investment income derived from major and non-major

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

governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

E. Investments

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

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

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

Level 3 inputs are unobservable for the asset or liability.

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

Additional investment disclosures are presented in these Notes.

F. Accounts Receivables

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

Property Taxes, Tax Liens and Tax Foreclosures

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

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

The Town mailed preliminary tax bills for the fiscal year 2018 on June 29, 2017 and September 30, 2017 that were due on August 1, 2017 and November 1, 2017 and actual bills on December 12, 2017 and March 30, 2018 that were due on February 1, 2018 and May 1, 2018.

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

The legal levy limit under Proposition 2 1/2 for fiscal year 2018 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2018	\$ 5,391,798
Less: Debt Exclusion	<u>(28,007)</u>
	<u><u>\$ 5,363,791</u></u>

The total amount raised by taxation was \$5,321,924.

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

Excise Taxes

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

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

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

Due from Other Governments

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

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

G. Capital Assets

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

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

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

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

Capital Asset Type	Years
Buildings	40
Improvements	7-30
Water and Sewer system	30-50
Machinery, equipment and other	3-25
Infrastructure	30

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

H. Interfund Transfers

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

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

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

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

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

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

Fund financial statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property taxes, excise taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

J. Net Position and Fund Balances

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

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

Net position has been “restricted for” the following:

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

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

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

“Other purposes” represents restrictions placed on assets from outside parties.

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

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

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

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

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

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

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

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

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

K. Long-term Debt

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

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

L. Compensated Absences

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

M. Pension Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Hampden County Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

N. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid.

O. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

P. Total Column

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

- Prior to the Annual Town Meeting, the Town Selectboard submits a proposed operating budget to the Finance Committee for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- At the Annual Town Meeting, the Finance Committee makes recommendations to the voters of their concurrence or non-concurrence with the articles. The voters then vote to accept or reject the proposed budget articles.
- The budget, legally enacted by vote at the Annual Town Meeting, is effective on July 1.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year, appropriations may be transferred between departments with Town meeting approval.

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

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

For fiscal year 2018, the Town incurred a final budget deficit of \$540,128 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 286,739
Prior year's encumbrances	253,389
	<u>540,128</u>
	<u>\$ 540,128</u>

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

B. Deficit Fund Balances

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

- The *Dredging Feasibility Study* capital project fund has a deficit of \$2,276. The Town has an outstanding bond anticipation note for \$112,564. The deficit will be eliminated upon the future receipt of grant funds or upon the issuance of permanent debt.
- The *Police Off-duty Details* special revenue fund has a deficit of \$3,110. The deficit will be eliminated upon future receipts or through appropriation.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government has a deposit policy for custodial credit risk. Deposits at June 30, 2018 were \$3,734,137. Of these, \$636,209 are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

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

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

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

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

Investment Type	Fair Value	Investment Maturities Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 30,645	\$ 12,935	\$ 17,710
U. S. government agencies	56,916	-	56,916
Bond mutual funds	104,744	-	104,744
Corporate bonds	92,335	-	92,335
Money market mutual fund	18,089	18,089	-
	<u>302,729</u>	<u>\$ 31,024</u>	<u>\$ 271,705</u>
Other Investments:			
Certificate of deposits	39,349		
Equity mutual funds	137,723		
MMDT	6,742		
	<u>\$ 486,543</u>		

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$486,543 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Credit Risk

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

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 30,645
<i>U. S. Government Agencies:</i>	
Aaa	56,916
<i>Corporate Bonds:</i>	
A1	14,783
A2	34,998
Baa1	24,648
Baa2	17,906
<i>Bond Mutual Funds:</i>	
Not rated	104,744
<i>Money Market Mutual Funds:</i>	
Not rated	18,089
	\$ 302,729

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 of the Town's total investments are in the Federal Home Loan Mortgage Corporation, and Corporate Bonds through the McDonald's Corporation amounting to 11.70% and 5.07%, respectively, of the Town's total investments.

Fair Value of Investments

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

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

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

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 30,645	\$ 30,645	\$ -	\$ -
U. S. government agencies	56,916	56,916	-	-
Certificates of deposit	39,349	39,349	-	-
Equity mutual funds	137,723	137,723	-	-
Money market mutual fund	18,089	18,089	-	-
Bond mutual funds	104,744	-	104,744	-
Corporate bonds	92,335	-	92,335	-
	<u>479,801</u>	<u>\$ 282,722</u>	<u>\$ 197,079</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	6,742			
Total Investments	<u>\$ 486,543</u>			

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

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

B. Receivables

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 164,480	\$ (10,907)	\$ 153,573
Tax liens	992,559	-	992,559
Tax foreclosures	347,776	-	347,776
Excise taxes	59,719	(7,510)	52,209
Departmental	23,411	-	23,411
Due from other governments	181,448	-	181,448
	<u>\$ 1,769,393</u>	<u>\$ (18,417)</u>	<u>\$ 1,750,976</u>

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

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

General Fund:		
Commonwealth of Massachusetts:		
Department of Veterans Services:		
Veterans benefits	\$	10,728
Nonmajor Governmental Funds:		
Commonwealth of Massachusetts:		
Department of Energy Resources		
Green communities grant	100,974	
Massachusetts Department of Transportation:		
Highway Department - Chapter 90 funded projects	69,746	170,720
	\$	181,448

The remaining additional amount of due from other governments on the statement of net position as of June 30, 2018 for governmental funds is as follows:

Governmental Funds:	
Commonwealth of Massachusetts:	
Massachusetts Clean Water Trust:	
Principal loan subsidy	\$ 7,531

C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:		
Property taxes	\$ 135,373	
Tax liens and foreclosures	1,340,335	
Excise taxes	52,209	
Due from other governments	10,728	\$ 1,538,645
Nonmajor governmental funds:		
Departmental	7,186	
Due from other governments	18,792	25,978
	\$	1,564,623

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

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,100,823	\$ -	\$ -	\$ 1,100,823
Total capital assets not being depreciated	1,100,823	-	-	1,100,823
Capital assets being depreciated:				
Buildings and Renovations	4,928,204	218,698	-	5,146,902
Machinery, equipment and other	2,700,069	39,000	-	2,739,069
Infrastructure	7,858,106	253,508	-	8,111,614
Total capital assets being depreciated	15,486,379	511,206	-	15,997,585
Less accumulated depreciation for:				
Buildings and Renovations	3,151,029	93,362	-	3,244,391
Machinery, equipment and other	2,059,846	123,174	-	2,183,020
Infrastructure	5,366,608	173,070	-	5,539,678
Total accumulated depreciation	10,577,483	389,606	-	10,967,089
Total capital assets being depreciated, net	4,908,896	121,600	-	5,030,496
Total governmental activities capital assets, net	\$ 6,009,719	\$ 121,600	\$ -	\$ 6,131,319

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

Governmental Activities:	
General government	\$ 51,787
Public safety	65,045
Public works	240,447
Education	29,639
Health and human services	1,945
Culture and recreation	743
Total depreciation expense - governmental activities	<u>\$ 389,606</u>

E. Interfund Receivables, Payables and Transfers

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

Transfers Out:	Transfers In: Nonmajor Governmental fund
General fund	<u>\$ 18,000</u>

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

F. Short-Term Financing

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

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Governmental Activities						
Grant Anticipation Note:						
Energy grant	1.50%	8/2/2018	\$ -	\$ 112,564	\$ -	\$ 112,564

G. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental type activities.

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2018
Inside Debt:					
Refunding Notes:					
Fire Department truck	1.23%	5/27/2016	5/24/2019	\$ 340,000	\$ 170,000
Outside Debt:					
Massachusetts Clean Water Trust:					
Landfill capping	varies	9/30/1999	8/1/2019	185,000	<u>20,000</u>
Total governmental type debt					<u>\$ 190,000</u>

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

Future Debt Service

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

Year	Principal	Interest	Total
2019	\$ 95,000	\$ 2,088	\$ 97,088
2020	95,000	947	95,947
	<u>\$ 190,000</u>	<u>\$ 3,035</u>	<u>\$ 193,035</u>

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
Refunding notes	\$ 255,000	\$ -	\$ 85,000	\$ 170,000	\$ 85,000
Massachusetts Clean Water Trust bonds	30,000	-	10,000	20,000	10,000
Compensated absences	16,307	643	-	16,950	-
Net OPEB liability	4,080,691	-	349,245	3,731,446	-
Net pension liability	3,426,574	-	165,075	3,261,499	-
Governmental activity Long-term liabilities	<u>\$ 7,808,572</u>	<u>\$ 643</u>	<u>\$ 609,320</u>	<u>\$ 7,199,895</u>	<u>\$ 95,000</u>

Massachusetts Clean Water Trust (MCWT)

The Town has borrowed funds from the MCWT Bond Resolution (Pool; Loan Program). Under this program, the Town is scheduled to be subsidized on a periodic basis for principal in the amount of \$185,000 and interest costs of \$116,725 for a loan the Town has borrowed from the MCWT. The gross amount outstanding at June 30, 2018, including principle and interest for the loans is \$21,020. The net repayments, including interest, are scheduled to be \$12,342. Since the Town is legally obligated for the total amount of the MCWT debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2018 principal and interest subsidies totaled \$3,654.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2018 totaled \$170,000.

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

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

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

Equalized Valuation-Real Estate and Personal Property (2018)		\$	<u>332,392,700</u>
Debt Limit: 5 % of Equalized value			16,619,635
Total Debt Outstanding	\$	190,000	
Less: Debt Outside Debt Limit		<u>(20,000)</u>	<u>170,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2018		\$	<u>16,449,635</u>

Loans Authorized and Unissued - Memorandum Only

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

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

Date Town Meeting Authorized	Purpose	Amount
11/29/2011	October snow storm emergency	\$ 100,000
5/27/2014	Hamilton Reservoir Dam repairs	600,000
5/30/2017	Drudging feasibility study	100,000
		<u>\$ 800,000</u>

Overlapping Debt

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

	Current Year's Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Tantasqua Regional School District: High School	\$ 7,820,000	11.98%	<u>\$ 936,836</u>

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

H. Fund Balances

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

	General Fund	Butterworth School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 13,146	\$ 13,146
Restricted:				
Federal, state and local grants	-	-	143,721	143,721
School revolving	-	-	525,851	525,851
Revolving funds	-	-	52,563	52,563
Donations and gifts	-	-	105,106	105,106
Permanent funds	-	522,001	63,740	585,741
Capital projects	-	-	1,514	1,514
Other	-	-	352,469	352,469
	-	522,001	1,244,964	1,766,965
Assigned:				
General government	50,181	-	-	50,181
Public safety	60	-	-	60
Public works	16,480	-	-	16,480
Education	300	-	-	300
Health and human services	34,537	-	-	34,537
Culture and Recreation	3,811	-	-	3,811
Employee and pension benefits	1,600	-	-	1,600
Subsequent year's budget	325,160	-	-	325,160
	432,129	-	-	432,129
Unassigned:				
General fund	1,306,866	-	-	1,306,866
Capital projects deficits	-	-	(2,276)	(2,276)
Special revenue deficits	-	-	(3,110)	(3,110)
	1,306,866	-	(5,386)	1,301,480
Total Governmental fund balances	\$ 1,738,995	\$ 522,001	\$ 1,252,724	\$ 3,513,720

I. Special Trust Funds

Stabilization Fund

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

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

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

General purpose stabilization fund	\$ 558,313
Capital stabilization fund	16,200
Cyclical Stabilization	2,309
Dam Maintenance Stabilization	86,381
Road improvement stabilization fund	109,115
	<u>\$ 772,318</u>

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies that passes the risk of loss listed above to independent third parties.

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

B. Contingent Liabilities

Litigation

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

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

C. Subsequent Events

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

D. Pension Plan

Plan Description

The Town is a member of the Hampden County Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Hampden County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 67 Hunt Street, Suite 106, Agawam, Massachusetts 01001.

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

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

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense contributed by the Commonwealth of \$535,266 on-behalf payments for the fiscal year ending June 30, 2018 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation.

The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2017 was \$245,447, representing 24.54% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

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

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current-year pension assessment. In the past years, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside money for the future benefits or employees who are currently employed. Large unfunded liabilities resulted from operating under this pay-as-you-go basis. In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. Additionally, Chapter 32 of the M.G.L. requires Massachusetts retirement systems to adopt funding schedules designed to reduce the unfunded actuarial liability of the system to zero by no later than June 30, 2040. The System's current funding schedule is designed to reduce the unfunded actuarial liability to zero by 2035.

Pension Liability

As of June 30, 2018, the Town reported a liability of \$3,261,499 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportional percentage totaled 0.91%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2018, the Town recognized a pension expense of \$411,909; reported deferred outflows of resources related to pensions of \$582,476 from the differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$269,695, from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, the changes in proportion and differences between employer contributions and proportionate share of contributions.

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

<u>For years ended June 30,</u>	
2019	\$ 101,801
2020	132,659
2021	37,820
2022	33,832
2023	6,669
	<u>\$ 312,781</u>

Actuarial Assumptions

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

Valuation date	January 1, 2018
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TOWN OF HOLLAND, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar for the 2002 and 2003 ERI and funding holiday liabilities and Increasing 4.0% per year for the remaining unfunded liability. Increase in total appropriation is limited to 8.0%.
Asset valuation method	The difference between the expected return and the actual investment return on a market value basis is recognized over a 5-year period. Asset value is adjusted, if necessary, to be within 10% of the market value.
Inflation rate	3.25%
Investment rate of return	7.50%
Projected salary increase	Varies by length of service with ultimate rates 4.00% for Group 1 employees with 11 or more years of service, 4.25% for Group 2 employees with 9 or more years of service and 4.50% for Group 4 employees with 8 or more years of service.
Cost of living adjustments	3.00% of the first \$18,000 of retirement income.
Mortality rates	Pre-retirement: the RP-2014 Blue Collar Employee Mortality Table set forward one year for females and projected generationally with a Scale MP-2017. Healthy retiree: the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with a Scale MP-2017. For disabled retirees, the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females and projected generationally with a Scale MP-2017.

Long-term Expected Rate of Return

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

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of January 1, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	6.15%
International Developed Markets Equity	15.50%	7.11%
International Emerging Market Equity	6.00%	9.41%
Core Fixed Income	12.00%	1.68%
High Yield Fixed Income	10.00%	4.13%
Real Estate (Core)	10.00%	4.90%
Commodities	4.00%	4.10%
Hedge Funds	13.00%	3.94%
Private Equity	12.00%	10.28%
Total	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 16.51%. The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made based at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. 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.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease	Current	Discount Rate	1% Increase
	6.50%	7.50%	8.50%	
Town's net pension liability	\$ 4,015,868	\$ 3,261,499	\$	2,624,866

E. Other Post-Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 63 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Investments

The OPEB Trust fund does not have a formal investment policy. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. As of June 30, 2018, investments, concentration and rate of return information consisted of pooled funds in the Town's Bartholomew Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2018 fiscal year, total Town contributions are \$67,842 to the plan. The Town also made a contribution to an OPEB Trust of \$25,000 for the 2018 fiscal year for a total contribution of \$92,842. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2018, the trust balance is \$114,914.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

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

Plan Membership:

Current active members	50
Current retirees, beneficiaries and dependents	13
Total	63

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2018
Total OPEB liability	\$ 3,846,360
Less: Plan fiduciary net position	(114,914)
Town's Net OPEB liability	\$ 3,731,446
Plan fiduciary net position as a percentage of the total OPEB liability	2.99%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2018:

Valuation date	July 1, 2017	
Actuarial cost method	Individual Entry Age Normal	
Single Equivalent Discount rate	3.92% annually	
Salary increases	3.50% annually	
Payroll growth	2.50% annually	
Inflation	2.00% annually	
Healthcare cost trend rates	2018 medical trend rates:	7.50% annually
	Ultimate trend rates:	5.00% annually in 2022
Mortality rates		
For Healthy Participants	RP-2014 combined fully generational mortality table with projection scale MP-2014.	
For Disabled Participants	RP-2000 combined mortality table set forward 3 years for males.	

The actuarial assumptions used the July 1, 2017 actuarial valuation and market value of assets as of the measurement date of June 30, 2018 were reflective of published municipal bond indices; the Bond Buyer's 20-year Bond Index as of June 30, 2018 is 3.87%.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2017 GASB 75	\$ 4,160,865	\$ 80,174	\$ 4,080,691
Service cost	234,939	-	234,939
Interest on Total OPEB Liability	136,536	-	136,536
Changes in benefit terms	-	-	-
Changes in assumptions	(618,138)	-	(618,138)
Difference between actual and expected experience	-	7,230	(7,230)
Net investment income	-	2,510	(2,510)
Employer contributions to Trust	-	92,842	(92,842)
Total benefit payments including implicit cost	(67,842)	(67,842)	-
Administrative expense	-	-	-
Net change in total OPEB liability	(314,505)	34,740	(349,245)
Balances at June 30, 2018 GASB 75	\$ 3,846,360	\$ 114,914	\$ 3,731,446

Discount Rate

The discount rate used to measure the total OPEB liability was 3.92%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.92%) or 1-percentage-point higher (4.92%) than the current rate:

	1% Decrease	Current	1% Increase
	(2.92%)	Discount Rate (3.92%)	(4.92%)
Town's net OPEB liability	\$ 4,536,957	\$ 3,731,446	\$ 3,109,525

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

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50% decreasing to 4.00%) or 1-percentage-point higher (8.50% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Town's net OPEB liability	\$ 3,018,521	\$ 3,731,446	\$ 4,688,861

Summary of Significant Accounting Policies

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

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$284,397 and reported deferred outflows of resources related to OPEB of \$0 and deferred inflows of resources related to OPEB of \$548,030.

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

For years ended June 30,	
2019	\$ (77,338)
2020	(77,338)
2021	(77,338)
2022	(77,336)
2023	(75,894)
Thereafter:	(162,786)
	\$ (548,030)

F. Implementation of New GASB Pronouncements

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

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

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

The GASB issued Statement No. 85, *Omnibus 2017*, for implementation in fiscal year 2018.

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

G. Future GASB Pronouncements

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

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

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

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

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

5. RESTATEMENT

The net position as of June 30, 2017 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$1,743,316 for governmental activities to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of \$5,273,085 has been revised to \$3,529,769 for governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HOLLAND, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2018

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

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

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	0.91%	0.94%	0.92%	0.82%
Town's proportionate share of the net pension liability (asset)	\$ 3,261,499	\$ 3,426,574	\$ 2,874,209	\$ 2,354,572
Town's covered employee payroll	\$ 1,000,157	\$ 1,021,522	\$ 957,628	\$ 821,052
Net pension liability percentage of covered-employee payroll	326.10%	335.44%	300.14%	286.78%
Plan fiduciary net position as a percentage of the total pension liability	50.82%	46.82%	49.22%	51.38%

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

TOWN OF HOLLAND, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Hampden County Regional Retirement System
For the Year Ended June 30, 2018

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

Schedule of the Town's Contributions:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 245,447	\$ 234,500	\$ 212,389	\$ 175,354
Less: Contributions in relation to the actuarially determined contribution	<u>(245,447)</u>	<u>(234,500)</u>	<u>(212,389)</u>	<u>(175,354)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 1,000,157	\$ 1,021,522	\$ 957,628	\$ 821,052
Contributions percentage of covered-employee payroll	24.54%	22.96%	22.18%	21.36%

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

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

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability		
Service cost	\$ 234,939	\$ 229,209
Interest on net OPEB liability	136,536	127,308
Changes in Benefit terms	-	-
Changes in Assumptions	(618,138)	-
Difference between actual and expected experience	-	-
Benefit payments, including refunds of member contributions	(67,842)	(67,115)
Administrative expense	-	-
Net change in total OPEB liability	<u>(314,505)</u>	<u>289,402</u>
Total OPEB liability-beginning	<u>4,160,865</u>	<u>3,871,463</u>
Total OPEB liability-ending (a)	<u>\$ 3,846,360</u>	<u>\$ 4,160,865</u>
 Plan fiduciary net position		
Difference between actual and expected experience	\$ 7,230	\$ -
Net investment income	2,510	2,386
Employer contributions to Trust	92,842	92,115
Benefit payments, including refunds of member contributions	(67,842)	(67,115)
Net change in plan fiduciary net position	<u>34,740</u>	<u>27,386</u>
Total fiduciary net position-beginning	<u>80,174</u>	<u>52,788</u>
Total fiduciary net position-ending (b)	<u>\$ 114,914</u>	<u>\$ 80,174</u>
 Town's net OPEB liability (a-b)	 <u>\$ 3,731,446</u>	 <u>\$ 4,080,691</u>

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

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

Schedule of Net OPEB Liability:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 3,846,360	\$ 4,160,865
Less: Plan fiduciary net position	(114,914)	(80,174)
Town's Net OPEB liability	<u>\$ 3,731,446</u>	<u>\$ 4,080,691</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.99%	1.93%
Town's share of covered employee payroll	\$ 2,416,974	\$ 2,358,023
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	154.39%	173.06%

Schedule of Contributions:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 67,842	\$ 67,115
Less: Contributions in relation to the actuarially determined contribution	(92,842)	(92,115)
Contribution deficiency (excess)	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>
Town's share of covered employee payroll	\$ 2,416,974	\$ 2,358,023
Contributions percentage of covered-employee payroll	2.81%	2.85%
Annual money-weighted rate of return net of investment expense	N/A	N/A

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

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

Schedule of Funding Progress:

Other Post Employment Benefits							
Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
6/30/2018	\$ 114,914	\$ 3,846,360	\$ 3,731,446	2.99%	\$ 2,416,974	154.39%	
6/30/2017	\$ 80,174	\$ 4,160,865	\$ 4,080,691	1.93%	\$ 2,358,023	173.06%	

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

SUPPLEMENTARY SCHEDULES

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

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 4,476	\$ 58,827	\$ 60,010	\$ -	\$ 3,293
Arts Lottery Council Grants	831	4,410	4,905	-	336
Housing and Finance Grant	-	15,000	-	-	15,000
Council on Aging Grants	5,847	15,965	13,367	-	8,445
Green Communities Grant	-	185,185	185,485	-	(300)
Highway Funds	-	168,538	168,538	-	-
Landfill Grant	18,750	-	-	-	18,750
Library Grants	20,907	2,897	1,299	-	22,505
Other Grants and Programs	18,832	-	-	-	18,832
Public Safety Grants	15,403	3,120	8,403	-	10,120
Schools:					
School Lunch Program	3,794	78,832	79,430	-	3,196
School Choice	438,691	320,280	321,077	-	437,894
School Revolving Accounts	63,218	92,469	70,926	-	84,761
State Special Education Reimbursement Fund	57,906	61,436	72,601	-	46,741
Other:					
Cable Commission	74,652	-	-	-	74,652
Cable Operating Grants	63,251	46,194	-	-	109,445
Gifts and Donations	89,977	23,355	8,227	-	105,105
Insurance Reimbursements	8,302	5,275	6,271	-	7,306
Land	100	-	-	-	100
Municipal Waterway Improvement	25,990	-	-	-	25,990
Police Off-duty Details	(28,486)	251,594	244,218	18,000	(3,110)
Recreation	10,730	7,860	6,498	-	12,092
Revolving Accounts	38,590	87,105	73,132	-	52,563
Septic Repair Loan Repayments	118,011	235	-	-	118,246
Transportation Infrastructure	-	1	-	-	1
Wetlands Protection Fees	3,239	1,645	246	-	4,638
Total Special Revenue Funds	\$ 1,053,011	\$ 1,430,223	\$ 1,324,633	\$ 18,000	\$ 1,176,601

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

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Capital Projects:					
Stafford Road Land	\$ 1,514	\$ -	\$ -	\$ -	\$ 1,514
Dredging Feasibility Study	-	-	2,276	-	(2,276)
Total Capital Projects	<u>1,514</u>	<u>-</u>	<u>2,276</u>	<u>-</u>	<u>(762)</u>
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	<u>10,396</u>	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>13,146</u>
Permanent Funds:					
Cemetery Perpetual Care Funds	58,736	157	-	-	58,893
Library Fund	1,767	5	-	-	1,772
School Donation Fund	3,065	9	-	-	3,074
Total Permanent Funds	<u>63,568</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>63,739</u>
Total - Non-Major Governmental Funds	<u>\$ 1,128,489</u>	<u>\$ 1,433,144</u>	<u>\$ 1,326,909</u>	<u>\$ 18,000</u>	<u>\$ 1,252,724</u>

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

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Real Estate Taxes:						
Levy of 2018	\$ -	\$ 5,170,646	\$ 119,294	\$ 4,952,670	\$ 98,682	\$ 98,619
Levy of 2017	252,037	-	93,841	117,461	40,735	40,735
Levy of 2016	49,476	-	15,719	29,706	4,051	4,051
Levy of 2015	12,524	-	3,236	6,990	2,298	2,298
Levy of 2014	7,051	-	(74)	5,718	1,407	1,407
Prior Years	7,029	-	(339)	1,885	5,483	5,483
	<u>328,117</u>	<u>5,170,646</u>	<u>231,677</u>	<u>5,114,430</u>	<u>152,656</u>	<u>152,593</u>
Personal Property Taxes:						
Levy of 2018	-	155,468	659	152,365	2,444	2,444
Levy of 2017	2,388	-	(18)	470	1,936	1,936
Levy of 2016	1,605	-	(7)	112	1,500	1,500
Levy of 2015	1,404	-	-	44	1,360	1,360
Levy of 2014	1,329	-	-	42	1,287	1,287
Prior Years	3,220	-	-	(77)	3,297	3,297
	<u>9,946</u>	<u>155,468</u>	<u>634</u>	<u>152,956</u>	<u>11,824</u>	<u>11,824</u>
Total Real Estate and Personal Property Taxes	<u>\$ 338,063</u>	<u>\$ 5,326,114</u>	<u>\$ 232,311</u>	<u>\$ 5,267,386</u>	<u>\$ 164,480</u>	<u>\$ 164,417</u>

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

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Motor Vehicle Excise Taxes:						
Levy of 2018	\$ -	\$ 303,360	\$ 5,483	\$ 254,730	\$ 43,147	\$ 43,120
Levy of 2017	35,156	31,992	3,758	55,911	7,479	7,479
Levy of 2016	6,659	-	-	3,714	2,945	2,945
Levy of 2015	2,671	-	104	1,145	1,422	1,422
Levy of 2014	1,752	-	-	136	1,616	1,616
Prior Years	3,273	-	-	163	3,110	3,134
Total Motor Vehicle Excise Taxes	\$ 49,511	\$ 335,352	\$ 9,345	\$ 315,799	\$ 59,719	\$ 59,716

**TOWN OF HOLLAND, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAX FORECLOSURES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Tax Liens	\$ 871,892	\$ 232,212	\$ -	\$ 111,545	\$ 992,559	\$ 992,636
Tax Foreclosures	\$ 347,776	\$ -	\$ -	\$ -	\$ 347,776	\$ 347,773