



**Board of Selectmen Agenda
Slade Building
August 26, 2019**

6:30pm - Call Meeting to Order

1. Open Session
(If we do not have Open Session items to discuss, other agenda items may be brought forward earlier)
2. Announcements
3. New Business
 - a) FY18 Audit Findings - Scanlon & Associates
 - i. FY18 Management Letter
 - ii. FY18 Financial Statement
 - b) Selectmen Policies
 - i. Old Policy Recisions
 - c) Town Inventory
 - d) Technology Plan
 - e) Municipal Building Discussion
4. Town Administrator Report
5. Appointments/Resignations
 - a) Planning Board Associate Member – Joshua Dubois
 - b) Economic Development Committee ex-officio Member – John Demalia
6. Wage Authorization for Iris Rivera Assessing Assistant
7. Executive Session under M.G.L. C 39. B (7) To comply with the provisions of any general or special law or federal grant-in-aid requirements (generally privacy).
 - a) To release Executive Session Minutes from January 22, 2019.
 - b) To release Executive Session Minutes from February 4, 2019.
 - c) To release Executive Session Minutes from March 18, 2019.
8. Matters not reasonably anticipated by the Chair
9. Public/Press Question & Answer
10. Adjourn

Chair: Dan Galante

Board of Selectmen Meeting Minutes

August 26, 2019

Slade Building

Members Present:

Dan Galante

Richard Haddad

Kris Parego

Members Absent:

Pat Girouard

Jeff Williams

Staff Present:

Ryan McLane – Town Administrator

Bobbie Thibault – Executive Assistant

Meeting called to order at 6:30 pm by Dan Galante.

Open Session:

None

Announcements:

Dinghy Dash was a huge success, with a great turn out of participants and spectators. Looking forward to next year being bigger and better!

New Business:

(Dan Galante announced that the meeting was being broadcast live and digitally recorded)

- Audit findings for FY18 from Scanlon and Associates. Tom Scanlon is here to discuss the Financial Statement, Management Letter and answer any questions.

The Audit went well, we are showing more control and much better communication.

- Selectmen Policies- We are looking for Old Policy Recisions. There are many policies that are now integrated into other Policies, making some obsolete.

Approved Sept 9, 2019

- Town Inventory – Ryan discussed the Whole Towns inventory, and is looking to set up a replacement plan. He is also planning a Technology plan for future needs.
- Municipal Building Discussion – The Board discussed the possible next step would be to secure money to have actual expenses figured.

Town Administrators Report:

- See Attached

Appointments:

- Planning Board Associate Member – Joshua Dubois

Motion to Accept Joshua Dubois as Planning Board Associate Member: Richard Haddad; 2nd Kris Parego. No Discussion. Vote: All in Favor

- Economic Development Committee ex-officio Member – John Demalia

Motion to Accept John Demalia as Economic Development Committee ex-officio Member: Richard Haddad; 2nd Kris Parego. No Discussion. Vote: All in Favor

Wage Authorization:

- For Iris Rivera – Assessing Assistant

Motion to waive notification for Iris Rivera Assessing Assistant: Richard Haddad; 2nd Kris Parego. No Discussion. Vote: All in Favor

Executive Session:

- Will be put on Next Meeting Agenda for September 9th when more Board Members are Present.

Matters not reasonably anticipated by the Chair:

- None

Public/Press Question & Answer:

- None

Motion to Adjourn at 8:12 pm: Richard Haddad; 2nd Kris Parego. Vote: All in Favor

Respectively Submitted by: *Bobbie Thibault*

TOWN OF HUBBARDSTON, MASSACHUSETTS

MANAGEMENT LETTER

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF HUBBARDSTON, MASSACHUSETTS

Management Letter

Year Ended June 30, 2018

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To the Honorable Board of Selectmen
Town of Hubbardston
Hubbardston, Massachusetts

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Town of Hubbardston as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Hubbardston's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We have already discussed these comments and suggestions with Town personnel. We will be pleased to discuss them in further detail and to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the management, the Board of Selectmen, others within the entity and the Commonwealth of Massachusetts Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

July 10, 2019

CURRENT YEAR COMMENTS AND RECOMMENDATIONS - Other Matters

1. Implementation of Future GASB Statements

Comment:

In an effort to enhance financial information of a government's financial statements, the GASB is continually issuing new pronouncements that will effect what is required to be reported in a government's financial statements. Over the past couple years GASB has been active in developing new standards. It is important that the Town be aware of the current and future statements. The following are some of new GASB pronouncements that will be required to be implemented in future fiscal years:

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*. This statement is required to be implemented in fiscal year 2019.
- GASB Statement No. 84 – *Fiduciary Activities*. This statement is required to be implemented in fiscal year 2020.
- GASB Statement No. 87 – *Leases*. This statement is required to be implemented in fiscal year 2021.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt*. This statement is required to be implemented in fiscal year 2019.

Given the significant impact of these GASB statements on the Town's financial accounting and reporting, we recommend that the Town familiarize and educate themselves with the aforementioned statements to ensure proper implementation.

2. Other Areas

- Review procedures for newly adopted Cable Access (MGL Chapter 44 Section 53 F3/4) receipts reserved for appropriation.
- Record unrealized gain/(loss) on investments in general ledger.
- Police Off-Duty recordkeeping.
- Bank transfers for Special Accounts (i.e. CPA, Trust Funds, Special Revenue).
- Review Ambulance outstanding accounts in excess of ninety days past due.

PRIOR YEAR COMMENTS AND RECOMMENDATIONS - Other Matters

1. Cash and Investment Reconciliation Procedures

Comment:

The Treasurer's and Accountant's offices are responsible to complete timely reconciliations of activity and balances of the cash and investments. Internal control procedures should be designed in a manner that ensures all activity is recorded in the cashbook prepared by the Treasurer as the transactions occur. At the same time as the activity is being posted to the cashbook a corresponding posting would be made to the general ledger maintained by the Accountant's office. The cashbook balance and the general ledger cash balance must match at all times. At the end of each month the Treasurer would complete a reconciliation between the cashbook and the individual bank statements. The Treasurer and Accountant would then reconcile the cashbook and the general ledger shortly thereafter.

During our audit we noted the following with regard to cash and investment reconciliation procedures within the Treasurer's office:

- As of June 30, 2017 we noted that a variance of \$7,669.15 exists between the Treasurer's records and the Accountant's general ledger. The Treasurer's balance was higher than the Town's general ledger balance. We could not locate any supporting documentation to indicate the variance remained the same every month or the variances were being reviewed and researched.
- Individual bank statement reconciliations were not being properly reconciled to the cashbook. Various reconciling items either could not be located or were not supported by proper backup documentation.
- Subsequent to June 30, 2017 up through our fieldwork (April 2018), the Treasurer and Accountant are making efforts to reconcile cash on a monthly basis.

The absence of having timely and proper cash reconciliations significantly increases the risk that misstatement due to error or fraud may occur and not be detected, prohibits the safeguarding of assets and does not provide for accurate and timely financial reporting.

We cannot emphasize enough the importance of the timely cash reconciliations in order to have an effective system of internal controls. We strongly recommend management closely monitor this situation to ensure that cash is reconciled in a timely manner. We further recommend the Treasurer maintain a current cashbook and perform individual bank statement reconciliations with all reconciling items properly documented in a timely and accurate manner.

Status - Fiscal Year 2018 Audit:

Improvements were made to the cash and investment reconciliation procedures during Fiscal Year 2018. Furthermore, in fiscal year 2019 the Town implemented a monitoring plan to ensure proper cash reconciliations are being performed timely and accurate. During our audit fieldwork we noted the Treasurer is carrying old reconciliation items that did not have proper backup at year end. We discussed these items during our fieldwork and have recommended these items be adjusted. In addition, we noted areas where improvements can be continued to be made, however we acknowledge the Town has addressed the major issues in rectifying the situation over cash and investment reconciliations.

2. Tax Collector Bank Account

Comment:

The Tax Collector maintains a bank account to deposit daily tax receipts. The Tax Collector then prepares a detailed turnover of monies collected and transfers the amount to an operational bank account (in custody of treasurer) at least once a week. The remaining balance in that account should be identified to ensure that all payments received are properly posted and turned over. The account was not reconciled as of June 30, 2017 to identify the balance.

We recommend that the tax collector implement procedures to reconcile the bank statement on a monthly basis and identify any deposits that have not been recorded.

Status - Fiscal Year 2018 Audit:

The tax collector's bank account is now included in the treasurer's cashbook and is reconciled on a monthly basis.

3. Improve Tax Accounts Receivable Reconciliations

Prior Year Comment:

The Town Accountant and Tax Collector have procedures to reconcile on a periodic basis the tax account receivables. The Tax Collector maintains a manual control log for the taxes receivable activity and this is utilized for the reconciliation process with Town Accountant. The Tax Collector accounts receivable subsidiary ledgers are maintained with a computer software program. To improve the reconciliation process the Tax Collector should implement procedures to reconcile the manual control log to the reports generated from the software program utilized to maintain the accounts receivable subsidiary ledger. Or the manual control log can be eliminated and reports generated directly from the Tax Collector's accounts receivable software can be utilized in the reconciliation process with the Town Accountant. During our audit we found items that were not recorded on the general ledger tax accounts receivable and have proposed adjustments to the general ledger. Furthermore, we noted that immaterial variances exist between the general ledger accounts and the tax collector's subsidiary ledgers.

Status - Fiscal Year 2017 Audit:

The status remains the same during Fiscal Year 2017. The Town has implemented new procedures to improve the tax accounts receivable reconciliation process during Fiscal Year 2018. Furthermore, adjustments have been made to the general ledger to eliminate the variances.

Status - Fiscal Year 2018 Audit:

The town implemented procedures that improved the tax accounts receivable reconciliation process during the year. The implementation of these procedures has rectified our prior year comment. Furthermore, in fiscal year 2019 the Town implemented a monitoring plan to ensure proper tax accounts receivable reconciliations are being performed timely and accurate.

4. Payroll Withholdings

Prior Year Comment:

During our audit we noted that payroll withholding account balances are not being properly reconciled. One of our tests performed found that only 11 months of the Town's health insurance premiums were expended in fiscal year 2014, when in fact 12 should have been expended. Because these accounts have significant annual activity and carry with them statutory tax liabilities, among other responsibilities, we recommend that the payroll withholding accounts be accounted for accurately and consistently. A proper and timely reconciliation of payroll withholdings would minimize and control potential discrepancies from occurring.

We recommend that all withholding accounts be reconciled monthly to the applicable governmental regulations and source documents to ensure that proper employee contributions are being made and relieved.

Status - Fiscal Year 2017 and 2018 Audit:

The situation is the same as of June 30, 2018. The Town has taken our recommendation under advisement and is currently in the process of reviewing the payroll withholding accounts.

5. Record all Receivables in the General Ledger

Prior Year Comment:

During our audit we noted that the Town does not record accounts receivables for the ambulance, septic, CPA portion of tax liens and veteran benefits. To establish an effective and sound internal control system we recommend that these accounts receivable be recorded on the general ledger. Also, as with all receivables, they should be periodically reconciled to source documents.

Status - Fiscal Year 2017 Audit:

The Town Accountant has set up the CPA portion of tax liens on the general ledger. However, the other account receivables remain the same at June 30, 2017. The Town has taken our recommendation under advisement.

Status - Fiscal Year 2018 Audit:

There has been no change since the 2017 Audit. The Town has taken our recommendation under advisement.

6. Capital Assets

Prior Year Comment:

The Town has compiled a list of capital assets that are required to be on the financial statements to be in compliance with GASB No. 34 in previous years. During our current audit we tested the capital assets and found that the Town did not keep adequate records with regard to additions, deletions and depreciation.

We recommend that the Town implement procedures to ensure that all capital assets are being accounted for under the financial reporting model of GASB No. 34.

Status - Fiscal Year 2017 and 2018 Audit:

The situation remains the same at June 30, 2017 and June 30, 2018. The Town has taken our recommendation under advisement.

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

TOWN OF HUBBARDSTON, 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 Board of Selectmen
Town of Hubbardston, 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 Hubbardston, 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 Hubbardston, 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 Hubbardston, 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 and pension 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 Hubbardston, Massachusetts' basic financial statements. The Supplementary Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Schedule is the responsibility of management and was derived from and relates 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

July 10, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Hubbardston (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town 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 \$15,445,088 (Net Position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities by \$16,674,112 or a decrease of \$1,229,024 (7%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$2,862,042, a decrease of \$186,891 (6%) in comparison with the prior year.
- The General Fund's total fund balance decreased \$71,618 (4%) to \$1,573,157. The ending fund balance is 18% of revenues and 18% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$8,583 (.2%) to \$5,144,225 during the fiscal year. This was mainly attributed to increases in bond anticipation notes payable of \$150,000 and in the net pension liability of \$158,927 and decreases in warrants payable of \$71,492 and in bonds payable of \$240,078.
- The Town had free cash certified by the Department of Revenue in the amount of \$401,513. The key factors that attributed to the free cash amount for fiscal year 2018 were unexpended/unencumbered appropriations of \$214,900, excess over budget state and local receipts of \$106,900 and prior year free cash not appropriated of \$105,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hubbardston'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 inflows of resources with the net difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The 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 Hubbardston 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	\$ 4,340,974	\$ 4,514,284	\$ (173,310)
Capital assets	15,630,086	16,498,941	(868,855)
Total assets	19,971,060	21,013,225	(1,042,165)
Deferred Outflows of Resources:			
Deferred outflows related to pensions	760,406	841,634	(81,228)
Liabilities:			
Current liabilities (excluding debt)	177,454	246,286	(68,832)
Current debt and lease	340,000	240,078	99,922
Noncurrent liabilities (excluding debt)	3,901,771	3,751,444	150,327
Noncurrent debt	725,000	915,000	(190,000)
Total liabilities	5,144,225	5,152,808	(8,583)
Deferred Inflows of Resources:			
Deferred inflows related to pensions	142,153	27,939	114,214
Net Position:			
Net Investment in Capital Assets	14,565,086	15,343,863	(778,777)
Restricted	1,783,198	1,766,108	17,090
Unrestricted	(903,196)	(435,859)	(467,337)
Total net position	\$ 15,445,088	\$ 16,674,112	\$ (1,229,024)

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2018	2017	Change
Program Revenues:			
Charges for services	\$ 517,502	\$ 720,499	\$ (202,997)
Operating grants and contributions	131,321	345,320	(213,999)
Capital grants and contributions	447,309	1,156,014	(708,705)
General Revenues:			
Property taxes	6,795,261	6,796,138	(877)
Motor vehicle and other excise taxes	652,716	621,803	30,913
Payments in lieu of taxes	338,869	333,287	5,582
Penalties and interest on taxes	45,335	23,997	21,338
Nonrestricted grants	544,333	576,403	(32,070)
Unrestricted investment income	2,414	9,509	(7,095)
Total revenues	9,475,060	10,582,970	(1,107,910)
Expenses:			
General government	748,381	717,035	31,346
Public safety	1,554,318	1,617,161	(62,843)
Public works	2,179,420	2,025,520	153,900
Education	5,066,684	5,080,162	(13,478)
Health and human services	141,125	154,997	(13,872)
Culture and recreation	95,424	105,655	(10,231)
Employee benefits and insurance	870,726	808,796	61,930
State assessments	14,002	16,459	(2,457)
Interest	34,004	45,507	(11,503)
Total expenses	10,704,084	10,571,292	132,792
Contributions to Permanent Funds	-	1,730	(1,730)
Change in net position	(1,229,024)	13,408	(1,242,432)
Net position - beginning of year	16,674,112	16,660,704	13,408
Net position - end of year	\$ 15,445,088	\$ 16,674,112	\$ (1,229,024)

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 \$15,445,088 at the close of fiscal year 2018.

Net position of \$14,565,086 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 \$1,783,198, represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$903,196).

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 net pension liabilities that are required under GASB to be recognized in the Town's financial statements. This liability is presented on the statement of net position.

The governmental activities net position decreased by \$1,229,024 (7%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2018 was attributed to a net increase in the debt liability of \$240,078; and decreases in the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,534,114 exceeding in the acquisition of \$665,259 in new capital assets, and as a result of this year's change in the net pension liability of \$158,927 and in the deferred outflow/(inflow) of resources related to pensions of \$195,442.

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, unreserved 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 \$2,862,042, a decrease of \$186,891 (6%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Non-spendable fund balance – \$158,607 (6%).
- Restricted fund balance – \$1,243,582 (43%).
- Committed fund balance – \$36,029 (1%).
- Assigned fund balance – \$455,755 (16%).
- Unassigned fund balance – \$968,069 (34%).

At the end of the fiscal year, the *General Fund* reported a fund balance of \$1,573,157 decreasing \$71,618 (4%) from the prior year. Of the \$1,573,157, the unassigned amount is \$1,117,402 (71%) and the assigned amount is \$455,755 (29%). General fund revenues were \$330,371 (4%) more than the prior fiscal year and expenditures also increased by \$32,956 (.4%). Other activity in the General Fund consisted of net transfers to other funds of \$135,000.

The main components of the increase in general fund revenues was related to increases in property taxes in the amount of \$53,462 (1%), charges for services of \$144,469 and in other revenues of \$100,000 from the prior year.

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

- Increase in General government expenditures of \$90,038 (16%).
- Decrease in Public safety expenditures of \$74,422 (6%).
- Increase in Public works expenditures of \$90,430 (12%).
- Decrease in Debt service expenditures (principal and interest) of \$56,405 (17%).

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$1,288,885, decreasing \$115,273 (8%) from the prior year. The decrease is attributed to costs exceeding revenues by \$250,273 and net transfers from the general fund of \$135,000. The fund balance is reported as nonspendable of \$158,607, restricted of \$1,243,582, committed of \$36,029 and unassigned of (\$149,333). Both the revenues and expenditures decreased as a result of the decreases in road infrastructure improvements from State grants during this fiscal year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$8,954,593. This was an increase of \$141,918 (2%) over the previous year's budget.

There was a decrease of \$7,049 between the total original budget and the total final amended budget. The change is attributed to votes at various special town meetings for various budget operating line items.

General fund expenditures were less than budgeted by \$289,089. Of the \$289,089 in under budget expenditures \$74,195 has been carried over to fiscal year 2019.

There were negative variances in charges for services – ambulance of \$55,531 and licenses, permits and fees of \$5,972 as actual receipts did not meet budget expectations.

Overall the variance with the final budget was a positive \$345,906 consisting of a revenue surplus of \$131,012 and an appropriation surplus of \$214,894.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities amounts to \$15,630,086.

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:

- Community Center ceiling replacement for \$20,000.
- Police vehicle purchase for \$36,790.
- Highway vehicle purchase for \$149,333.
- Road infrastructure improvements of \$459,136.

Debt Administration. The Town's outstanding governmental debt, as of June 30, 2018, totaled \$915,000, of which \$90,000 is for various departmental vehicles and \$825,000 for road infrastructure improvements.

The Town has bond anticipation notes outstanding consisting of \$150,000 in the governmental activities as of June 30, 2018 for the purchase of a highway vehicle.

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

The Annual Town Meeting on June 5, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

From the tax levy	\$ 8,990,496
From Other Available Funds:	
General Fund:	
Unassigned fund balance:	
Free cash	381,560
Non-major Governmental Funds:	
Community preservation fund	140,159
	<u>\$ 9,512,215</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of Hubbardston'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, 7 Main Street, Unit 11, Hubbardston, Massachusetts.

BASIC FINANCIAL STATEMENTS

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

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 2,072,684
Investments	895,831
Receivables, net of allowance for uncollectibles:	
Property Taxes	283,353
Tax Liens and Possessions	362,365
Excise Taxes	78,338
Departmental	121,812
Due from Other Governments	506,557
Other	20,034
Total current assets	<u>4,340,974</u>
NONCURRENT:	
Capital Assets, net of accumulated Depreciation:	
Nondepreciable	2,922,985
Depreciable	12,707,101
Total noncurrent assets	<u>15,630,086</u>
Total Assets	<u><u>19,971,060</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	<u>760,406</u>
LIABILITIES	
CURRENT:	
Warrants Payable	93,554
Accrued Payroll	62,338
Tax Refund Payable	8,600
Accrued Interest	4,082
Other	380
Landfill Closure	8,500
Bond Anticipation Notes Payable	150,000
Bonds Payable	190,000
Total current liabilities	<u>517,454</u>
NONCURRENT:	
Compensated Absences	28,867
Landfill Closure	25,500
Net Pension Liability	3,847,404
Bonds Payable	725,000
Total noncurrent liabilities	<u>4,626,771</u>
Total Liabilities	<u><u>5,144,225</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	<u>142,153</u>
NET POSITION	
Net Investment in Capital Assets	14,565,086
Restricted for:	
Capital Projects	24,965
Federal & State Grants	474,334
Permanent Funds:	
Nonexpendable	158,607
Expendable	179,563
Community Preservation	398,039
Other Purposes	547,690
Unrestricted	(903,196)
Total Net Position	<u><u>\$ 15,445,088</u></u>

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

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

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 748,381	\$ 88,030	\$ 40,545	\$ -	\$ (619,806)
Public Safety	1,554,318	375,196	9,960	-	(1,169,162)
Public Works	2,179,420	2,782	-	447,309	(1,729,329)
Education	5,066,684	-	-	-	(5,066,684)
Health and Human Services	141,125	49,635	62,649	-	(28,841)
Culture and Recreation	95,424	1,859	18,167	-	(75,398)
Employee Benefits and Insurance	870,726	-	-	-	(870,726)
State Assessments	14,002	-	-	-	(14,002)
Interest	34,004	-	-	-	(34,004)
Total Governmental Activities	10,704,084	517,502	131,321	447,309	(9,607,952)
Total Primary Government	\$ 10,704,084	\$ 517,502	\$ 131,321	\$ 447,309	(9,607,952)
General Revenues:					
Property taxes					6,795,261
Motor vehicle excise and other taxes					652,716
Payments in lieu of taxes					338,869
Penalties & Interest on taxes					45,335
Grants & Contributions not restricted to specific programs					544,333
Unrestricted Investment Income					2,414
Total General Revenues					8,378,928
Change in Net Position					(1,229,024)
Net Position:					
Beginning of year					16,674,112
End of year					\$ 15,445,088

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,083,309	\$ 989,375	\$ 2,072,684
Investments	538,138	357,693	895,831
Receivables, net of allowance for uncollectibles:			
Property Taxes	281,723	1,630	283,353
Tax Liens and Possessions	361,156	1,209	362,365
Excise Taxes	78,338	-	78,338
Departmental	46,663	75,149	121,812
Due from Other Governments	83,540	423,017	506,557
Other	20,034	-	20,034
Total Assets	\$ 2,492,901	\$ 1,848,073	\$ 4,340,974
Liabilities:			
Warrants Payable	\$ 80,938	\$ 12,616	\$ 93,554
Accrued Payroll	46,108	16,230	62,338
Tax Refund Payable	8,600	-	8,600
Other	380	-	380
Bond Anticipation Notes Payable	-	150,000	150,000
Total Liabilities	136,026	178,846	314,872
Deferred Inflows of Resources:			
Unavailable Revenue	783,718	380,342	1,164,060
Fund Balance:			
Nonspendable	-	158,607	158,607
Restricted	-	1,243,582	1,243,582
Committed	-	36,029	36,029
Assigned	455,755	-	455,755
Unassigned	1,117,402	(149,333)	968,069
Total Fund Balance	1,573,157	1,288,885	2,862,042
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,492,901	\$ 1,848,073	\$ 4,340,974

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

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 6,711,999	\$ 57,004	\$ 6,769,003
Intergovernmental	586,447	459,190	1,045,637
Excise and Other Taxes	650,877	-	650,877
Payment in Lieu of Taxes	338,869	-	338,869
Charges for Services	144,469	238,073	382,542
Licenses, Permits, Fees	148,476	-	148,476
Interest on Taxes	45,335	-	45,335
Investment Income	2,414	(2,805)	(391)
Gifts and Donations	-	44,177	44,177
Other	100,000	18,442	118,442
Total Revenues	8,728,886	814,081	9,542,967
Expenditures:			
Current:			
General Government	659,240	95,308	754,548
Public Safety	1,226,951	206,715	1,433,666
Public Works	864,043	685,446	1,549,489
Education	4,953,205	-	4,953,205
Health and Human Services	82,386	67,239	149,625
Culture and Recreation	74,918	9,646	84,564
Employee Benefits and Insurance	516,357	-	516,357
State Assessments	14,002	-	14,002
Debt Service:			
Principal	240,078	-	240,078
Interest	34,324	-	34,324
Total Expenditures	8,665,504	1,064,354	9,729,858
Excess of Revenues Over (Under) Expenditures	63,382	(250,273)	(186,891)
Excess of Revenues Over			
Operating Transfers In	-	135,000	135,000
Operating Transfers Out	(135,000)	-	(135,000)
Total Other Financing Sources (Uses)	(135,000)	135,000	-
Net Change in Fund Balances	(71,618)	(115,273)	(186,891)
Fund Balances, Beginning of Year	1,644,775	1,404,158	3,048,933
Fund Balances, End of Year	\$ 1,573,157	\$ 1,288,885	\$ 2,862,042

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

TOWN OF HUBBARDSTON, 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	\$ 2,862,042
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,630,086
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.	1,164,060
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.	618,253
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:	
Bonds and Leases Payable	\$ (915,000)
Landfill Closure	(34,000)
Net Pension Liability	(3,847,404)
Compensated Absences	(28,867)
	<u>(4,825,271)</u>
Net Position of Governmental Activities	<u>\$ 15,445,088</u>

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

TOWN OF HUBBARDSTON, 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 **\$ (186,891)**

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	\$ 665,259	
Depreciation	<u>(1,534,114)</u>	(868,855)

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. (67,907)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Repayment of Debt and Lease Principal		240,078
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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	100	
Net Change in Accrued Interest on Long-Term Debt	320	
Net Change in Net Pension Liability	(158,927)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(195,442)	
Net Change in Landfill Closure	<u>8,500</u>	(345,449)

Change in Net Position of Governmental Activities **\$ (1,229,024)**

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

TOWN OF HUBBARDSTON, 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 Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
Revenues:						
Property Taxes	\$ -	6,693,449	6,693,449	6,717,599	\$ -	\$ 24,150
Intergovernmental	-	582,838	582,838	586,447	-	3,609
Excise and Other Taxes	-	616,000	616,000	650,877	-	34,877
Payment in Lieu of Taxes	-	333,000	333,000	338,869	-	5,869
Charges for Services - Ambulance	-	200,000	200,000	144,469	-	(55,531)
Licenses, Permits, Fees	-	154,448	154,448	148,476	-	(5,972)
Other	-	-	-	100,000	-	100,000
Interest on Taxes	-	23,500	23,500	45,335	-	21,835
Investment Income	-	4,500	4,500	6,675	-	2,175
Total Revenues	-	8,607,735	8,607,735	8,738,747	-	131,012
Expenditures:						
Current:						
General Government	67,394	691,822	764,758	659,240	57,154	48,364
Public Safety	10,878	1,270,224	1,279,583	1,226,951	3,383	49,249
Public Works	360	811,418	897,979	864,043	13,658	20,278
Education	2,115	5,020,877	4,953,478	4,953,205	-	273
Health and Human Services	4,980	101,319	104,836	82,386	-	22,450
Culture and Recreation	4,576	80,604	85,180	74,918	-	10,262
Employee Benefits and Insurance	-	602,241	576,525	516,357	-	60,168
State Assessments	-	14,002	14,002	14,002	-	-
Debt Service:						
Principal	156	242,578	242,578	240,078	-	2,500
Interest	424	35,674	35,674	34,324	-	1,350
Total Expenditures	90,883	8,870,759	8,954,593	8,665,504	74,195	214,894
Excess of Revenues Over (Under) Expenditures	(90,883)	(263,024)	(346,858)	73,243	(74,195)	345,906
Other Financing Sources (Uses):						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers out	-	(75,000)	(91,080)	(91,080)	-	-
Total Other Financing Sources (Uses)	-	(75,000)	(91,080)	(91,080)	-	-
Net Change in Budgetary Fund Balance	(90,883)	(338,024)	(437,938)	(17,837)	(74,195)	\$ 345,906
Other Budgetary Items:						
Free Cash and Other Reserves	-	392,860	401,891			
Prior Year Deficits	-	(54,836)	(54,836)			
Prior Year Encumbrances	90,883	-	90,883			
Total Other Budgetary Items	90,883	338,024	437,938			
NET BUDGET	\$ -	\$ -	\$ -			

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

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

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 8,738,747	\$ 8,665,504
<u>Adjustments:</u>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	(4,261)	-
Net Increase in Revenue from Recording 60-Day Receipts	3,000	-
Net Decrease in Revenue from Recording Refund Taxes Payable	(8,600)	-
Reported on a GAAP Basis	<u>\$ 8,728,886</u>	<u>\$ 8,665,504</u>

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

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

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 488,068
Investments	159,413	-
Total Assets	159,413	488,068
LIABILITIES		
Warrants Payable	-	819
Due to Others	-	21,635
Escrows and Deposits	-	465,614
Total Liabilities	-	488,068
NET POSITION		
Held in Trust for Other Purposes	\$ 159,413	\$ -

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

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

	<u>Private Purpose Trust Funds</u>
Additions	
Investment Income	\$ (2,811)
Total Additions	<u>(2,811)</u>
Deductions:	
Educational Scholarships	<u>2,000</u>
Total Deductions	<u>2,000</u>
Change in Net Position	<u>(4,811)</u>
Net Position at Beginning of Year	<u>164,224</u>
Net Position at End of Year	<u><u>\$ 159,413</u></u>

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

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

A. Reporting Entity

The Town is a political subdivision of the Commonwealth of Massachusetts located in Worcester County. The Town was incorporated in 1767 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five-member Board of Selectmen.

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

The Town is responsible for electing the governing board and/or committee members of the Quabbin Regional School District and the Montachusett Regional Vocational Technical School District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations follow:

Quabbin Regional School District – The regional school district, created in 1967, made up of the Towns of Barre, Hardwick, Hubbardston, New Braintree and Oakham to serve the educational needs of students in grades K through 12. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is governed by a board composed of representatives of member Towns. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

Montachusett Regional Vocational Technical School District - A regional school district, created in 1971, made up of the Towns of Ashburnham, Ashby, Athol, Barre, Fitchburg, Gardner, Harvard, Holden, Hubbardston, Lunenburg, Petersham, Phillipston, Princeton, Royalston, Sterling, Templeton, Westminster and Winchendon to serve the educational needs of students in grades 9 through 12. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is governed by a twenty-two (22)-member board composed of representatives of member Towns. 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.

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

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

Fund financial statements

Separate financial statements are provided for governmental funds 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.

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.

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

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

Fund financial statements

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

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

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

The Town reports the following major governmental fund:

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

The 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 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:

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

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

TOWN OF HUBBARDSTON, MASSACHUSETTS
Notes to the Financial Statements
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D. Cash and Cash Equivalents

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

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

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. 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, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2017 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal

TOWN OF HUBBARDSTON, MASSACHUSETTS
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installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2018 on June 27, 2017, that were due on August 1, 2017 and November 1, 2017 and actual bills on December 28, 2017 that were due on February 1, 2018 and May 1, 2018, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2018 is \$6,774,154.

The total amount raised by taxation was \$6,772,982.

Excise Taxes

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

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

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

Departmental

Departmental receivables consist of street betterments in the general fund. In the nonmajor governmental funds the departmental receivables are for ambulance fees, police details and Title V septic loan repayments.

The allowance for uncollectibles relating to ambulance fees are based upon historical trends. The other departmental receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Other

Other receivable consists of due from a former employee due to misappropriation of assets related to the collection of real estate, personal property and excise taxes. An independent review was performed and determined an estimated loss of revenue. The estimated restitution is identified as the other receivable.

The allowance for uncollectible accounts is estimated based on 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.

TOWN OF HUBBARDSTON, MASSACHUSETTS
Notes to the Financial Statements
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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 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.

Capital assets, excluding infrastructure assets, are defined by the Town as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of three years. Infrastructure assets are capitalized when original cost exceeds \$25,000.

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

Capital Asset Type	Years
Buildings and renovations	15-50
Machinery, equipment and other	3-20
Infrastructure	40

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 item in this category is *deferred inflows related to pensions*.

TOWN OF HUBBARDSTON, MASSACHUSETTS
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Fund financial statements

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

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

"Permanent funds – 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.

"*Community Preservation*" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

"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.

TOWN OF HUBBARDSTON, MASSACHUSETTS
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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.

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 statement of net position.

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

L. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Town has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration limits specified in the Town's termination policy.

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 Worcester Regional Retirement System (the System) is provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

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

N. Post-Retirement Benefits

The Town has not elected the provisions of M.G.L. Chapter 32 that pertains to providing other post-employment benefits besides pension benefits to retirees. Therefore, the Town does not provide group health insurance for retired employees or their survivors and thus does not provide any cost of the health insurance plan for retirees.

O. Use of Estimates

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

P. Total Column

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

At the Annual Town Meeting, the Board of Selectmen and Finance Committee present an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by the Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions.

In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a department appropriation.

"Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted. Departments are limited to the line items voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

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.

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

Encumbrances of unexpended budgetary balances at year-end (continuing appropriations) do not constitute liabilities and, therefore, are presented in the governmental funds as a reservation of fund balance. Budgeted amounts for the General Fund are as originally adopted or as amended by Town vote, including continuing appropriations at the beginning of the year and excluding continuing appropriations at the year-end.

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

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

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

For fiscal year 2018, the Town incurred a final budget deficit of \$437,938 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 401,891
Reserve for deficits	(54,836)
Prior year's encumbrances	90,883
	<hr/>
	\$ 437,938

B. Deficit Fund Balances

The following fund has a deficit at June 30, 2018 as measured by the balance of unreserved fund balance.

- The *Highway vehicle* capital project fund has a deficit of \$149,333. The Town has an outstanding bond anticipation note for \$150,000. The deficit will be eliminated upon the issuance of permanent debt.

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 does not have a deposit policy for custodial credit risk. Deposits at June 30, 2018 were \$2,699,621. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

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

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.

TOWN OF HUBBARDSTON, 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 (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 171,892	\$ 127,574	\$ 44,318
U. S. government agencies	265,013	-	265,013
Corporate bonds	228,729	-	228,729
Money market mutual fund	10,043	10,043	-
	675,677	\$ 137,617	\$ 538,060
Other Investments:			
Certificate of deposits	242,033		
Equity securities - domestic (stocks)	119,443		
MMDT	18,091		
	<u>\$ 1,055,244</u>		

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,055,244 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 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 HUBBARDSTON, 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
<u>Moody's Quality Ratings</u>	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 171,892
<i>U. S. Government Agencies:</i>	
Aaa	265,013
<i>Corporate Bonds:</i>	
A1	43,814
A2	29,324
A3	91,583
Baa1	34,507
Baa2	29,501
<i>Money Market Mutual Funds:</i>	
Not rated	10,043
	<u>\$ 675,677</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's total investments is in the Federal Home Loan Mortgage Corporation amounting to 25.11% 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 HUBBARDSTON, 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	\$ 171,892	\$ 171,892	\$ -	\$ -	
U. S. government agencies	265,013	265,013	-	-	
Certificates of deposit	242,033	242,033	-	-	
Equity securities - domestic	119,443	119,443	-	-	
Money market mutual fund	10,043	10,043	-	-	
Corporate bonds	228,729	-	228,729	-	
	1,037,153	\$ 808,424	\$ 228,729	\$ -	
Investments Measured at Amortized Cost:					
External Investment Pools (MMDT)	18,091				
Total Investments	\$ 1,055,244				

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 funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 289,253	\$ (5,900)	\$ 283,353
Tax liens and possessions	362,365	-	362,365
Excise taxes	100,226	(21,888)	78,338
Departmental	494,265	(372,453)	121,812
Other	105,277	(105,277)	-
Due from other governments	506,557	-	506,557
	<u>\$ 1,857,943</u>	<u>\$ (505,518)</u>	<u>\$ 1,352,425</u>

TOWN OF HUBBARDSTON, 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 the governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:

Veterans, blind and surviving spouse \$ 33,702

Department of Veterans Services:

Veterans benefits 49,838 \$ 83,540

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Massachusetts Department of Transportation 423,017
\$ 506,557

C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:

Property taxes \$ 247,723

Tax liens and possessions 361,156

Excise taxes 78,338

Departmental 46,663

Due from other governments 49,838 \$ 783,718

Nonmajor Governmental Funds:

Property taxes 1,630

Tax liens and possessions 1,209

Departmental 25,856

Due from other governments 351,647 380,342

\$ 1,164,060

TOWN OF HUBBARDSTON, 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	\$ 2,264,131	\$ -	\$ -	\$ 2,264,131
Construction in progress	535,283	123,571	-	658,854
Total capital assets not being depreciated	2,799,414	123,571	-	2,922,985
Capital assets being depreciated:				
Buildings and Renovations	6,504,085	20,000	-	6,524,085
Machinery, equipment and other	2,924,348	186,123	-	3,110,471
Infrastructure	45,267,336	335,565	-	45,602,901
Total capital assets being depreciated	54,695,769	541,688	-	55,237,457
Less accumulated depreciation for:				
Buildings and Renovations	3,306,929	142,275	-	3,449,204
Machinery, equipment and other	1,808,116	253,794	-	2,061,910
Infrastructure	35,881,197	1,138,045	-	37,019,242
Total accumulated depreciation	40,996,242	1,534,114	-	42,530,356
Total capital assets being depreciated, net	13,699,527	(992,426)	-	12,707,101
Total governmental activities capital assets, net	\$ 16,498,941	\$ (868,855)	\$ -	\$ 15,630,086

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

Governmental Activities:	
General government	\$ 13,832
Public safety	159,107
Public works	113,479
Education	1,236,836
Culture and recreation	10,860
Total depreciation expense - governmental activities	<u>\$ 1,534,114</u>

E. Interfund Receivables, Payables and Transfers

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

	Transfers In:
	Nonmajor
	Governmental
	funds
Transfers Out:	
General fund	<u>\$ 135,000</u>

TOWN OF HUBBARDSTON, 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 activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Bond Anticipation Note:						
Highway vehicle	1.29%	11/20/2018	\$ -	\$ 150,000	\$ -	\$ 150,000

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 and business-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:					
Road improvements	1.88%	4/30/2015	5/15/2023	\$ 1,395,000	\$ 825,000
Highway truck	1.88%	4/30/2015	5/15/2023	135,000	80,000
Police vehicle	1.88%	4/30/2015	5/15/2020	25,000	10,000
Total governmental type debt					<u>\$ 915,000</u>

Future Debt Service

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

Year	Principal	Interest	Total
2019	\$ 190,000	\$ 27,450	\$ 217,450
2020	185,000	21,750	206,750
2021	180,000	16,200	196,200
2022	180,000	10,800	190,800
2023	180,000	5,400	185,400
	<u>\$ 915,000</u>	<u>\$ 81,600</u>	<u>\$ 996,600</u>

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

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 1,155,078	\$ -	\$ 240,078	\$ 915,000	\$ 190,000
Landfill closure	42,500	-	8,500	34,000	8,500
Compensated absences	28,967	3,875	3,975	28,867	-
Net pension liability	3,688,477	158,927	-	3,847,404	-
Governmental activity					
Long-term liabilities	\$ 4,915,022	\$ 162,802	\$ 252,553	\$ 4,825,271	\$ 198,500

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 \$915,000.

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."

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

Equalized Valuation-Real Estate and Personal Property (2018)	\$ 467,728,400
Debt Limit: 5 % of Equalized value	23,386,420
Total Debt Outstanding	\$ 915,000
Less: Debt Outside Debt Limit	-
	915,000
Inside Debt Excess Borrowing Capacity at June 30, 2018	\$ 22,471,420

Loans Authorized and Unissued -- Memorandum Only

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

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

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

Date Town Meeting Authorized	Purpose	Amount
12/4/2007	Community Preservation Act projects	\$ 123,499
6/2/2009	Emergency ice storm cleanup	15,000
11/19/2013	Route 68 engineering	20,000
7/29/2014	Highway vehicle	5,000
6/6/2017	Purchase a Fire Truck	450,000
		<u>\$ 613,499</u>

Overlapping Debt

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

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Quabbin Regional School District			
Green repair projects	\$ 945,000	24.77%	\$ 234,077
Montachusett Vocational Technical School District	<u>2,247,000</u>	2.54%	<u>57,074</u>
	<u>\$ 3,192,000</u>		<u>\$ 291,150</u>

TOWN OF HUBBARDSTON, 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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 158,607	\$ 158,607
Restricted:			
Federal, state and local grants	-	122,686	122,686
Revolving funds	-	152,498	152,498
Community preservation act	-	395,200	395,200
Gifts and donations	-	141,665	141,665
Septic program	-	141,269	141,269
Capital projects	-	24,298	24,298
Permanent funds	-	179,563	179,563
Other	-	86,403	86,403
	-	1,243,582	1,243,582
Committed:			
Capital projects	-	36,029	36,029
Assigned:			
General government	57,154	-	57,154
Public safety	3,383	-	3,383
Public works	13,658	-	13,658
Subsequent year's budget	381,560	-	381,560
	455,755	-	455,755
Unassigned:			
General fund	1,117,402	-	1,117,402
Deficit capital projects	-	(149,333)	(149,333)
	1,117,402	(149,333)	968,069
Total Governmental fund balances	\$ 1,573,157	\$ 1,288,885	\$ 2,862,042

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 HUBBARDSTON, 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	\$	385,427
Capital stabilization fund		156,813
	\$	<u>542,240</u>

4. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 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. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that the Town of Hubbardston place a final cover on its landfill when closed and perform certain maintenance and monitoring functions of the landfill site for thirty (30) years after closure. The current year expenditures are reported in the General Fund. The estimated total future liability for landfill post-closure care costs is \$34,000.

This estimate is based on an independent evaluation of the cost to perform post-closure care. The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, changes in estimates, or changes in landfill regulations.

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

E. Pension Plan

Plan Description

The Town is a member of the Worcester Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by a five-member 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. 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 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Benefits Provided

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. MGL Chapter 32 establishes uniform benefit and contributory requirements for all contributory public employee retirement systems (PERS). The Massachusetts PERS benefits are uniform from system to system, with a few minor exceptions. Members of the System become vested after 10 years of creditable service. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. 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. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. Most employees who joined the system on or after April 2, 2012 cannot retire prior to age 60. 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 legislatively mandated 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 \$238,741, representing 21.80% 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 HUBBARDSTON, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Pension Liability

As of June 30, 2018, a reported liability of \$3,847,404 is the Town's proportionate share of the net pension liability as measured as of December 31, 2017. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportional percentage was 0.4718%, which was a slight increase from the last measurement.

Pension Expense

For the year ended June 30, 2018, the Town recognized a pension expense of \$593,111 and reported deferred outflows of resources related to pensions of \$760,406 from the net differences between expected and actual experience, changes in assumptions and change in allocated proportion; and deferred inflows of resources related to pensions of \$142,153 from the net differences between projected and actual investment earnings and the change in allocated proportion.

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

For years ended June 30,		
	2019	\$ 225,030
	2020	224,071
	2021	128,644
	2022	40,508
		<u>\$ 618,253</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017;

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	<p><i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035. The annual increase in appropriation is further limited to 9.95%.</p> <p><i>2002 & 2003 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.5% to reduce the UAAL to zero on or before June 30, 2028 and the 2010 ERI: Level dollar amount to reduce the UAAL to zero on or before June 30, 2022.</p>

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

Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: 80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Inflation	3.0% per year
Salary increases	Group 1: 4.25% -- 6.00%, based on service Group 4: 4.75% -- 7.00%, based on service
Payroll growth	4.0% per year
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB for disabled members

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. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	4.91%
Fixed income	22%	2.04%
Private Equity	11%	6.50%
Real Estate	10%	3.70%
Timber/Natural Resources	4%	3.25%
Hedge Funds	13%	3.40%
Total	100%	

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 16.71%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.75%. 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 4,689,158	\$ 3,847,404	\$ 3,136,537

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.

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

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HUBBARDSTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Worcester Regional Contributory 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:

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Town's proportion of the net pension liability (asset)	0.4718%	0.4404%	0.4456%	0.3830%
Town's proportionate share of the net pension liability (asset)	\$ 3,847,404	\$ 3,688,477	\$ 3,162,619	\$ 2,278,991
Town's covered employee payroll	\$ 1,094,952	\$ 1,250,143	\$ 1,195,841	\$ 1,149,847
Net pension liability percentage of covered-employee payroll	351.38%	295.04%	264.47%	198.20%
Plan fiduciary net position as a percentage of the total pension liability	46.40%	42.00%	44.52%	47.94%

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 HUBBARDSTON, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Worcester Regional Contributory 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:

	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially determined contribution	\$ 238,741	\$ 213,907	\$ 202,444	\$ 151,350
Less: Contributions in relation to the actuarially determined contribution	(238,741)	(213,907)	(202,444)	(151,350)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 1,094,952	\$ 1,250,143	\$ 1,195,841	\$ 1,149,847
Contributions percentage of covered-employee payroll	21.80%	17.11%	16.93%	13.16%

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 SCHEDULE

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


	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2017								June 30, 2018
Special Revenue:									
Federal and State Grants:									
Arts Lottery Cultural Council	\$	4,313	\$	4,551	\$	3,409	\$	-	\$ 5,455
Council on Aging Grants		98		6,946		7,044		-	-
Economic Development Grant		5,000		-		-		-	5,000
Extended Polling Hours		-		870		215		-	655
Small Bridge Grant		-		68,870		68,870		-	-
Highway grants		-		358,060		358,057		-	3
Library Grants		8,728		5,142		1,185		-	12,685
Public Safety Grants		21,610		4,960		7,817		-	18,753
School Grants		100,000		-		50,000		-	50,000
Senior Center Grants		31,603		-		1,467		-	30,136
Other:									
Board of Health Revolving		5,075		9,668		14,743		-	-
Board of Health Vaccine		18,819		57		-		-	18,876
Community Preservation Fund		336,210		66,840		7,850		-	395,200
Conservation Commission		3,400		1,310		971		-	3,739
Council on Aging MART Revolving		18,142		23,536		17,026		-	24,652
Demolition Revolving		3,900		-		-		-	3,900
Dog Fees		4,557		2,195		1,603		-	5,149
Dog Officer		231		-		-		-	231
Fire Department Burning Permits		1,526		3,570		3,115		-	1,981
Gifts and Donations		124,355		44,177		26,867		-	141,665
Highway Revolving		-		600		300		-	300
Inspector Revolving		59,167		14,647		33,638		-	40,176
Insurance Proceeds		10,646		-		-		-	10,646
Law Enforcement Trust		5,246		-		178		-	5,068
Library Dog Fund		1,817		728		-		-	2,545
PEG Cable Access Grant		70,030		18,442		12,720		-	75,752
Planning Board Revolving		13,722		12,860		15,267		-	11,315
Total Special Revenue Funds Page 51	\$	848,195	\$	648,029	\$	632,342	\$	-	\$ 863,882

TOWN OF HUBBARDSTON, 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
Continued from Page 51	\$ 848,195	\$ 648,029	\$ 632,342	\$ -	\$ 863,882
Special Revenue (continued):					
Other (continued):					
Police Detail Revolving	5,908	157,796	155,614	-	8,090
Recreation Revolving	450	831	371	-	910
Recycling Revolving	6,152	2,015	4,433	-	3,734
Sale of Lots and Graves	6,470	4,660	6,070	-	5,060
Septic Repair Program	137,669	3,600	-	-	141,269
Transpiration infrastructure	-	6	-	-	6
Wetland Protection	17,168	-	398	-	16,770
Total Special Revenue Funds	1,022,012	816,937	799,228	-	1,039,721
Capital Projects:					
Highway vehicle	-	-	149,333	-	(149,333)
Roadway designs and engineering	34,213	-	9,915	-	24,298
Route 68 reconstruction	-	-	98,971	135,000	36,029
Total Capital Projects	34,213	-	258,219	135,000	(89,006)
Perpetual Permanent Funds:					
Cemetery Perpetual Care	134,191	-	-	-	134,191
Library Funds	24,416	-	-	-	24,416
Total Perpetual Permanent Funds	158,607	-	-	-	158,607
Permanent Funds:					
Cemetery Perpetual Care	122,009	(1,984)	5,560	-	114,465
Library Funds	40,518	(519)	-	-	39,999
Hubbardston Community Park	11,934	(194)	1,347	-	10,393
Other	14,865	(159)	-	-	14,706
Total Permanent Funds	189,326	(2,856)	6,907	-	179,563
Total - Non-Major Governmental Funds	\$ 1,404,158	\$ 814,081	\$ 1,064,354	\$ 135,000	\$ 1,288,885

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<u>UNIT</u>	<u>DEPT</u>	<u>YEAR</u>	<u>TRADE NAME</u>	<u>PLATE</u>	<u>PLATE</u>	<u>WEIGHT</u>	<u>MILEAGE</u>	<u>Value</u>
1	FIRE	2016	FORD 550 AMBULANCE [AMBULANCE ONE]	MFC238	MVN	18,000	33,515	
2	FIRE	2005	FORD E450 AMBULANCE [AMBULANCE TWO]	MF7577	MVN	14,050	88,365	
3	FIRE	2019	KVCH Fire Truck (Predator) 1500/1000 [ENGINE ONE]	MFD516	MVN	47,000	684	
4	FIRE	2001	KME XMFD EXCEL 1500/2500 [ENGINE TWO]	MF7583	MVN	62,000	19,615	
5	FIRE	2007	SPARTAN 3000/2000 [ENGINE THREE]	MF9873	MVN	77,000	16,271	
6	FIRE	2004	STEWART & STEVENSON M1090 6X6 BRUSH TRUCK [TRUCK FOUR]	MFB496	MVN	32,987	9,287	
7	FIRE	2007	FORD F250 [CAR TWO]	MF8816	MVN	9,800	114,846	

9	FIRE	2007	FORD EXPLORER [CAR ONE]	MF2087	MVN	4,467	86,371	
10	FIRE	2015	UTILITY TRAILER	MFA951	MVN	3,500	N/A	
11	FIRE	1999	US CARGO AMC HAZ MAT	M60659	MVN	7,000	N/A	
12	FIRE	2008	LOAD RITE TRAILER AND BOAT	MFB155	MVN	880	N/A	
13	FIRE	2003	HAULMARK UTILITY TRAILER [FORMER PD]	MP135G	MVN	2,900	N/A	
14	FIRE	2011	POLARIS SPORTSMAN 400 ATV 4X4 [FORMER PD]	0006MR	MVN	N/A	N/A	

Host Name	Description	Location	Purchase	Notes	FY19	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2025
HUBBHWY	DPW Assistant	DPW	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBBHWY-LT	DPW Director	DPW	2014	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBBHWY2	DPW Mechanic	DPW	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBBEMD-TAB	EMD Tablet (Grant)	DPW	2015	EMD GRANT									
HUBEMD-DT	EMD Desktop (Grant)	DPW	2016	EMD GRANT									
HFDSERVER	Fire Server	Fire	2012	Windows End of Life			\$ 6,200.00				\$ 6,200.00		
HUBBFIRE-A2	Ambulance 2 Toughbook	Fire		Windows End of Life			\$ 4,000.00				\$ 4,000.00		
HUBBFIRE-A1	Ambulance 1 Toughbook	Fire		Windows End of Life			\$ 4,000.00				\$ 4,000.00		
CAPTAIN-HP	Fire Captain	Fire		Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HPDCHEIF-DT	Fire Chief	Fire	2013	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBTC	Town Clerk	Library	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBBAS1-DT	Assessing Assistant	Library	2014	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBBAS2-DT	Regional Assessor	Library	2014	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBBINSF-DT	Building Department	Library	2014	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBBOH	Board of Health	Library	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBLIBRARY	Library	Library	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBBLAN-DT	Planning Department	Library	2017	Replaced FY18	\$ 1,250.00	\$ 300.00		\$ 1,750.00			\$ 1,750.00		
HUBINSPECT-LT	Building Department	Library	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
CHIEFSOFFICE	Police Chief	Police		Windows End of Life		\$ 1,750.00					\$ 1,750.00		
CREW-ROOM	Patrolman	Police		Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HPDSERVER	Police Server	Police	2011	Windows End of Life			\$ 6,200.00				\$ 6,200.00		\$ 1,750.00
PATROL2	Patrolman	Police	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
BOOKINGHPD	Booking PC	Police	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUB-SURFACE-01	Police Chief Tablet	Police	2016	Tablet or Toughbook			\$ 4,000.00				\$ 4,000.00		
SGT2-DT	Police Sergeant 2	Police	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
SGT1-DT	Police Sergeant 1	Police	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
CAR3HUBP-TAB	Police Car 3 Tablet	Police	2016	Tablet or Toughbook			\$ 4,000.00				\$ 4,000.00		
CAR2HUBP-TAB	Police Car 2 Tablet	Police	2016	Tablet or Toughbook			\$ 4,000.00				\$ 4,000.00		
CAR1HUBP-TAB	Police Car 1 Tablet	Police	2016	Tablet or Toughbook			\$ 4,000.00				\$ 4,000.00		
PDADMINW10-DT	Police Assistant	Police	2019	Current - Windows 10							\$ 1,750.00		
HUBCOA-PUBLIC	Public COA	Senior	2015	Current - Windows 10		\$ 1,750.00					\$ 1,750.00		
HUBCOAW10-DT	COA Director	Senior	2018	Current - Windows 10			\$ 1,750.00				\$ 1,750.00		
TOH-TS1	New TH Server	Town Hall	2019	Replaced FY19			\$ 6,200.00				\$ 6,200.00		
HUBADMASST	Executive Assistant	Town Hall	2012	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBACCNT	Accountant	Town Hall	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBADMIN-DT	Town Administrator	Town Hall	2015	Windows End of Life		\$ 1,750.00					\$ 1,750.00		
HUBTAXCOLL-DT	Finance Assistant	Town Hall	2012	Windows End of Life	\$ 1,250.00	\$ 300.00					\$ 1,750.00		
HUBLAPTOP	Presentation Laptop	Town Hall	2012	Windows End of Life			\$ 1,750.00				\$ 1,750.00		
HUBTREAS-W10	Treasurer	Town Hall	2019	Replaced FY19						\$ 1,750.00			
TOHSERVER2016	New TOH Server	Town Hall	2019	Replaced FY19			\$ 6,200.00				\$ 6,200.00		
HUBVISIONSVR	VISION SERVER	Town Hall	2019	Replaced FY19									
TOHSEVTR	Old TOH Server	SPARE											
HUBCOA	Old COA	SPARE											
HUBTRASR	Old Treas	SPARE											
TRAININGROOM	Police Training Room												
CARCAM-DT	Car Cam Storage	2013											
HUBBARDSTON-PC	Key Card PC	2012											
					\$ 10,000.00	\$ 28,650.00	\$ 36,400.00	\$ 1,750.00	\$ 1,750.00	\$ 15,900.00	\$ 40,250.00		
						\$ 28,650.00							



Town Administrator

7 MAIN STREET, Unit #3
HUBBARDSTON, MASSACHUSETTS 01452
(978) 928-1400 x 201 FAX (978) 928-3392

To: Board of Selectmen
From: Ryan M. McLane, Town Administrator
Date: August 23, 2019
Subject: Town Administrator's Report

The following is the Town Administrator's report for the period ending August 23, 2019.

1. **FY20 Budget Update** – Town Meeting voters Thursday approved an amended FY20 budget totaling \$9,301,245, a 3.07% increase from FY19. This is a \$31,814 increase from the FY20 budget approved at the June Annual Town Meeting. The new budget still rejects the assessment certified by the QRSD on July 16, 2019. The difference between the town approved budget and the school's certified assessment is \$14,293. Per the QRSD regional agreement, another town (New Braintree or Hardwick) would need to reject the school budget or the new certified assessment would become binding. If another town rejects the budget, the QRSD School Committee will review the budget again. If both remaining towns approved the certified assessment, Hubbardston will need another town meeting to cut the remaining deficit.
2. **Employee Vacancies** – We are happy to announce that Iris Rivera is joining our team as the newest Assessor Assistant. Iris comes to us from Montachusett Home Care Corporation where she worked as an Executive Assistant. This position will be split between Rutland and Hubbardston as detailed in the recently approved IMA. She will serve 12 hours per week in Hubbardston and 20 in Rutland. Her first day will be September 3 and will begin with an intense training regimen led by RRG.
3. **Finance Management** – Our Finance Team is working diligently with Kelli (our new accountant) and the Kinsherrf team (old accountants) to close FY19 in a timely manner. We are nearly complete with the process which puts us in line for a timely FY19 audit conducted the first week in October. At that point, we will be fully transitioned from Softright to Vadar and from outsourced to regional accounting. I will continue to update the board on this important change.

4. **MassWorks Grant** – Travis and I worked with Mike from TEC to complete a full application for a \$1 million grant for Lombard Road. Submitted in August, this grant would allow for a complete reconstruction of this important road connecting residents with important recreation area. Additionally, Lombard serves as an entry point to the town from Princeton and needs updating in order to improve public safety for road residents and surrounding branch roads. We should hear about the Lombard Road grant results in October.
5. **Infrastructure Updates** – The FY2020 Town Paving Project recently completed. Overseen by our DPW Director, the project improved surfaces on Highbridge, Underwood and Morgan Roads. DPW crews have also been out in force this past month, working on patches for Lowell, Brigham and Pitcherville.
6. **Community Compact Grant** – The state recently opened its fifth year of Community Compact Grants. This year I will be applying for assistance with our Human Resources Policies and Employee handbook. Bringing this up to standards is my number one employee priority heading into the fall to clarify employee procedures, protect the town from liability and to ensure employee training and sustainability. The grant would allow us to contract with a Human Resources agency to enable the most current best practices from the HR field.
7. **Employee Recognition** – I would like to thank the finance team, the staff, the finance committee and the board for their work during my military leave. I had less connectivity than originally planned, but your hardworking staff was able to manage not only the day to day, but many complicated longer term projects that will pay dividends as we progress through the year. I truly appreciate all the hard work and support.
8. **Upcoming Topics**
 - a. Community Benchmarking (pending)
 - b. FY20 Goals Report (Sept)
 - c. Human Resource Policy Updates (CCC Grant – September)
 - d. Department Improvement Reports (Sept)
 - e. FY21 Budget Calendar (Sept)
 - f. FY21 Department Capital Budget Requests (Sept)

Please do not hesitate to contact me if you have any questions.



Ryan M. McLane
Town Administrator



OFFICE OF
The Planning Board

7 Main Street, Unit #7
HUBBARDSTON, MASSACHUSETTS 01452
PLAN@HUBBARDSTONMA.US

8-August-2019

To: Town of Hubbardston Board of Selectmen
From: Town of Hubbardston Planning Board

Re: Appointments

Gentlemen,

During the duly-posted meeting of the Town of Hubbardston Planning Board on the 7th of August, 2019, the board voted unanimously to recommend the following individuals for appointment:

- Joshua DuBois for the position of Associate Member of the Planning Board.
- John DeMalia for the position of ex-officio member of the Economic Development Committee.

The Planning Board respectfully requests these appointments.

Sincerely,

The Town of Hubbardston Planning Board

RECEIVED

AUG 12 2019

Town of Hubbardston
Board of Selectmen



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The Planning Board

7 Main Street, Unit #7
HUBBARDSTON, MASSACHUSETTS 01452
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AUG 12 2019

Town of Hubbardston
Board of Selectmen