

TOWN OF WAREHAM, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2015

TOWN OF WAREHAM, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Wareham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wareham, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wareham, Massachusetts, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the Town of Wareham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wareham's internal control over financial reporting and compliance.

Powers + Sullivan, LLC

March 15, 2016

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wareham, we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2015. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The Town's assets and deferred outflows exceeded its liabilities at the close of 2015 by \$94.1 million (net position).
- At the end of 2015, unassigned fund balance for the general fund was \$3.8 million or 6.4% of total general fund expenditures.
- The general fund operations resulted in a \$1.3 million increase in fund balance.
- Wareham's long-term debt decreased by \$4.0 million during the year. This is directly attributable to the net effect of \$200 thousand of governmental debt issued in the current year, offset by \$4.2 million in total principal pay downs. See Note 8 for more information.
- The Town's other postemployment benefit liability increased by \$4.6 million during 2015 to a balance of \$32.3 million.
- At year end, the Town's internal service fund balance was \$1.6 million. As of October 1, 2014, the Town is no longer self-insured for their health insurance activities. Dental activities are still handled as self-insured at year end however as of October 1, 2015 the Town has gone to premium based dental insurance as well. Please see Note 10 for more information.
- In 2015, the Town implemented GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a \$31.2 million net pension liability and related pension expense as well as deferred outflows of resources related to pensions. The financial statements also recognized a revision of beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures. See Note 11 for more information.

Overview of the Financial Statements

Our discussion and analysis of the Town is intended to serve as an introduction to the Town of Wareham's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This analysis also contains other required 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 the Town's finances, in a manner similar to private-sector business.

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent 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 result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick and vacation time).

Both of the government-wide financial statements distinguish functions of the Town 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 of the Town include general government, public safety, education, public works, human services, community preservation, culture and recreation, and debt interest. The business-type activities of the Town include the water pollution control facility.

The government-wide financial statements have no component units.

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 of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Town had previously implemented GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the Town's stabilization fund is reported within the general fund as unassigned.

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 decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Wareham maintains approximately 320 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is the Town's major governmental fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation, the non-major fund.

The Town of Wareham adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as Required Supplementary Information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water pollution control facility activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses an internal service fund to account for health and dental insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water pollution control facility which is considered to be a major fund of the Town. The internal service fund is presented as a single column in the proprietary fund financial statements.

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 statement because the resources of those funds are *not* available to support the Town's own programs.

In 2015, the Town entered into the Plymouth County Other Postemployment Benefits Trust Program ("Program"). The objective of the Program is to assist public entities (counties, cities, towns, school districts, special districts, and municipal light plants) in Plymouth County and neighboring Norfolk, Bristol, and Barnstable counties with pre-funding their obligations for other postemployment benefits (other than pensions) by investing in a manner in accordance with Massachusetts Government Code within IRC Section 115 multiple employer trust. The Town contributed \$50 thousand to the fund in 2015 and is accounted for as a fiduciary trust fund. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

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.

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As noted below, assets exceeded liabilities by approximately \$29.7 million at the close of 2015.

	2015	(As Revised)
	Governmental	2014
	Activities	Governmental
	Activities	Activities
Assets:		
Current assets.....	\$ 21,729,560	\$ 20,833,658
Noncurrent assets (excluding capital).....	1,906,617	1,949,767
Capital assets.....	73,380,407	74,068,019
Total assets.....	97,016,584	96,851,444
Deferred outflows of resources:		
Deferred outflows of resources related to pensions.....	1,365,761	-
Liabilities:		
Current liabilities (excluding debt).....	3,319,114	3,930,145
Noncurrent liabilities (excluding debt).....	61,960,202	56,032,425
Current debt.....	1,390,347	1,334,272
Noncurrent debt.....	1,879,806	2,857,553
Total liabilities.....	68,549,469	64,154,395
Net position:		
Net investment in capital assets.....	71,271,989	70,930,997
Restricted.....	6,541,520	6,232,750
Unrestricted.....	(47,980,633)	(44,466,698)
Total net position.....	\$ 29,832,876	\$ 32,697,049

A significant portion of the Town's governmental net position, \$71.3 million, 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 Town's 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 Town's net position, \$6.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$48.0 million. The deficit is the result of the implementation of GASB Statements #68 and #71 which required the Town to record its net pension liability of \$29.5 million along with the other postemployment benefits liability of \$31.6 million. These are long term unfunded liabilities that will not require significant short term resources.

The governmental activities net position decreased by \$2.9 million during the current year. This was primarily due to the Other Postemployment Benefit liability increasing by \$4.6 million and the fact that depreciation exceeded principal payments on bonds by \$1.9 million. These decreases were offset by the receipt of \$1.8 million of capital grants, a \$1.3 million and \$307 thousand surplus in the general and internal service funds, respectively, and the timing between the expenditure and reimbursement of federal and state grants.

Key elements of change in net position are as follows:

	2015		2014
	Governmental		(As Revised)
	Activities		Governmental
	Activities		Activities
Program revenues:			
Charges for services.....	\$ 5,533,752	\$	5,256,998
Operating grants and contributions.....	21,218,198		25,318,966
Capital grants and contributions.....	1,806,772		1,605,842
General Revenues:			
Real estate and personal property taxes.....	34,200,159		33,356,986
Tax liens.....	552,786		519,720
Motor vehicle and other excise taxes.....	3,139,999		2,910,388
Penalties and interest on taxes.....	627,243		326,671
Community preservation surtax.....	630,766		609,336
Grants and contributions not restricted to specific programs.....	3,110,081		3,095,679
Unrestricted investment income.....	31,034		54,810
Miscellaneous.....	81,648		179,446
Total revenues.....	70,932,438		73,234,842
Expenses:			
General government.....	8,005,565		7,208,894
Public safety.....	9,569,539		9,261,140
Education.....	50,266,941		54,435,007
Public works.....	4,895,339		4,377,283
Human services.....	1,188,281		1,119,070
Community preservation.....	127,192		136,259
Culture and recreation.....	472,551		828,070
Interest.....	94,746		124,144
Total expenses.....	74,620,154		77,489,867
Excess (Deficiency) before transfers.....	(3,687,716)		(4,255,025)
Transfers.....	823,543		633,000
Change in net position.....	(2,864,173)		(3,622,025)
Net position - beginning (as revised).....	32,697,049		36,319,074
Net position - ending.....	\$ 29,832,876	\$	32,697,049

The beginning net position of governmental activities has been revised to reflect the implementation of GASB Statements #68 and #71. To reflect this change, the Town has recorded a net pension liability and a deferred outflow of resources, which has resulted in the revision of the June 30, 2014 balance of the governmental activities by \$28,147,396. Previously reported net position of \$60,844,445 has been revised to \$32,697,049. See Note 16 for more information.

The governmental expenses totaled \$74.6 million of which \$28.6 million was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$42.4 million, primarily consisting of property taxes, motor vehicle excise and non-restricted state aid.

The decrease in operating grants and education expenses is related to the Commonwealth's Massachusetts Teachers Retirement System's implementation of GASB Statements #68 and #71 which changed the

methodology used to calculate the on-behalf payments for the special funding situation. As a result the revenue and corresponding expense decreased by \$4.3 million.

Business-type activities – Water Pollution Control Facility

Business-type activities assets exceeded liabilities by \$64.2 million as the close of year 2015. The following table identifies key elements of the enterprise operations:

	2015	(As Revised)
	Business-type	2014
	Activities	Business-type
	Activities	Activities
Assets:		
Current assets.....	\$ 15,444,958	\$ 14,009,788
Noncurrent assets (excluding capital).....	16,636,530	18,579,050
Capital assets.....	64,225,853	66,054,291
Total assets.....	<u>96,307,341</u>	<u>98,643,129</u>
Deferred outflows of resources:		
Deferred outflows of resources related to pensions.....	<u>77,454</u>	<u>-</u>
Liabilities:		
Current liabilities (excluding debt).....	875,452	579,361
Noncurrent liabilities (excluding debt).....	2,403,648	2,222,738
Current debt.....	2,764,395	2,784,172
Noncurrent debt.....	<u>26,093,385</u>	<u>28,857,780</u>
Total liabilities.....	<u>32,136,880</u>	<u>34,444,051</u>
Net position:		
Net investment in capital assets.....	47,592,752	45,326,990
Unrestricted.....	16,655,163	18,872,088
Total net position.....	<u>\$ 64,247,915</u>	<u>\$ 64,199,078</u>
Program revenues:		
Charges for services.....	\$ 6,647,853	\$ 6,184,695
Operating grants and contributions.....	42,075	-
Capital grants and contributions.....	660,848	774,036
General Revenues:		
Unrestricted investment income.....	44,347	39,483
Total revenues.....	<u>7,395,123</u>	<u>6,998,214</u>
Expenses:		
Water Pollution Control Facility.....	<u>6,522,743</u>	<u>6,185,483</u>
Excess (Deficiency) before transfers.....	872,380	812,731
Transfers.....	<u>(823,543)</u>	<u>(633,000)</u>
Change in net position.....	48,837	179,731
Net position - beginning (as revised).....	<u>64,199,078</u>	<u>64,019,347</u>
Net position - ending.....	\$ <u>64,247,915</u>	\$ <u>64,199,078</u>

The beginning net position of business-type activities has been revised to reflect the implementation of GASB Statements #68 and #71. To reflect this change, the Town has recorded a net pension liability and a deferred

outflow of resources, which has resulted in the revision of the June 30, 2014, balance of the business-type activities by \$1,596,267. Previously reported net position of \$65,795,345 has been revised to \$64,199,078. Business-type net position of \$47.6 million represents the investment in capital assets, while \$16.7 million is unrestricted. The Town's business-type activity net position increased by \$49 thousand during the current year. This is primarily due to the recognition of \$661 thousand of capital grants, and the receipt of \$210 thousand of capital reimbursements from the Wareham Fire District. These increases were offset by an \$824 thousand transfer to the general fund primarily for indirect costs associated with the operations of the Water Pollution Control Facility.

Financial Analysis of the Town's Governmental Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$11.6 million, of which \$4.7 million relates to the general fund and \$6.9 million relates to the nonmajor funds. Cumulatively there was an increase of \$1.4 million in fund balances from the prior year that is due to an increase of \$1.3 million in the general fund and an increase of \$131 thousand in the nonmajor fund.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$3.8 million, while total fund balance was \$4.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.4% of total general fund expenditures, while total fund balance represents 8.0% of that same amount. During 2015, the fund balance of the general fund increased by \$1.3 million. This increase was primarily due to the general fund budgetary surplus of \$579 thousand and the receipt of \$381 thousand of unbudgeted transfers in from the Ambulance and Transportation revolving funds.

The internal service fund ending net position was \$1.6 million. This is an increase of \$307 thousand over the prior year. The increase was primarily due to the Town and employees' contributions exceeding claim payments. See Note 10 for more information on the Town's risk financing activities.

General Fund Budgetary Highlights

During the year there was an increase of \$1.8 million in appropriations between the original and final amended budget. This was the net result of various appropriation increases at the October 2014 Fall and April 2015 Special Town Meetings with some of the largest being a \$500 thousand increase in the Town's general government budget for increases in collective bargaining agreements and to complete a state mandated procedure requiring the Town to measure and list of all real estate parcels in Town, and an \$840 thousand increase in the transfers out budget primarily for the stabilization fund transfer.

Capital Asset and Debt Administration

Capital Asset Administration

The Town of Wareham's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$137.6 million (net of depreciation). This investment in capital assets includes land, buildings, improvements to land and buildings, machinery and equipment, vehicles, and infrastructure. The total decrease in the Town of Wareham's investment in capital assets for the current year was \$2.5 million which consisted of a decrease of \$688 thousand for governmental activities and a decrease of \$1.8 million in the business-type activities. The decreases in governmental activities and business-type activities are due to the fact that current year depreciation exceeded current year capital additions.

Debt Administration

At the end of the current year, the Town of Wareham had total debt outstanding of \$32.1 million. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the government. Of this amount \$818 thousand is in short term notes, and the remaining \$31.3 million is in outstanding long-term bonds, of which \$2.5 million relates to governmental and \$28.9 million relates to business-type activities. During 2015, the Town issued \$200 thousand and retired \$4.2 million of long-term debt.

The Town has authorized but unissued debt of \$4.8 million.

The Town has an "A1" rating from Moody's for issuing general obligation debt.

Please refer to notes 4, 7, and 8 for further discussion of the major capital and debt activity.

Economic Factors and Next Year's Budget

Major factors considered in preparing the Town's 2016 budget were:

- The Need to pass a balanced budget at the annual spring town meeting due to the lack of support for a Proposition 2 ½ override.
- Significant increases in employee benefits that had been partially mitigated by the change in health insurance splits from 70/30 to 67.5/32.5.
- Entry into the Mayflower Municipal Health Insurance Group which helped to reduce anticipated healthcare costs by 4%.
- Small increases in State Aid with a potential for reductions and continued increases in State Assessments.
- The desire to utilize certified free cash to reduce the \$565,842 snow and ice deficit while continuing to build the Stabilization Fund. The current Board of Selectmen policy is to annually transfer at least half of the Town's Certified Free Cash into the Stabilization Fund.
- The FY 2016 budget represented a balance of prudence while continuing to deliver necessary services to the citizens of Wareham. However, this budget continues to reduce services that the residents of the Town receive.
- For FY 2016, the Water Pollution Control EDU (Equalized Dwelling Unit) rates remained at \$596.00. The Sewer Commissioners have continued to study a change from the EDU to usage-based system.

Requests for Information

This financial report is designed to provide a general overview of the Town of Wareham'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 at Wareham Town Hall, 54 Marion Road, Wareham, Massachusetts 02571.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2015

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 13,770,537	\$ 13,087,726	\$ 26,858,263
Investments.....	288,430	-	288,430
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	663,148	-	663,148
Tax liens.....	1,838,880	315,794	2,154,674
Motor vehicle excise taxes.....	779,150	-	779,150
User fees.....	-	809,588	809,588
Loans.....	84,000	-	84,000
Departmental and other.....	887,385	-	887,385
Special assessments.....	52,000	647,156	699,156
Intergovernmental.....	1,889,949	584,694	2,474,643
Tax foreclosures.....	673,307	-	673,307
Working capital deposit.....	802,774	-	802,774
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	4,282,061	4,282,061
Special assessments.....	464,193	12,354,469	12,818,662
Loans.....	1,442,424	-	1,442,424
Capital assets, non-depreciable.....	5,218,817	5,130,553	10,349,370
Capital assets, depreciable.....	68,161,590	59,095,300	127,256,890
TOTAL ASSETS.....	97,016,584	96,307,341	193,323,925
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	1,365,761	77,454	1,443,215
LIABILITIES			
CURRENT:			
Warrants payable.....	1,662,274	475,110	2,137,384
Health claims payable.....	58,096	-	58,096
Tax refunds payable.....	207,000	-	207,000
Accrued interest.....	17,294	347,342	364,636
Payroll withholdings.....	425,006	-	425,006
Other liabilities.....	263	-	263
Capital lease obligations.....	51,181	-	51,181
Compensated absences.....	898,000	53,000	951,000
Notes payable.....	817,600	-	817,600
Bonds payable.....	572,747	2,764,395	3,337,142
NONCURRENT:			
Capital lease obligations.....	54,124	-	54,124
Compensated absences.....	782,000	29,000	811,000
Other postemployment benefits.....	31,589,187	699,694	32,288,881
Bonds payable.....	1,879,806	26,093,385	27,973,191
Net pension liability.....	29,534,891	1,674,954	31,209,845
TOTAL LIABILITIES.....	68,549,469	32,136,880	100,686,349
NET POSITION			
Net investment in capital assets.....	71,271,989	47,592,752	118,864,741
Restricted for:			
Streets.....	366,715	-	366,715
Community preservation.....	3,391,663	-	3,391,663
Permanent funds:			
Expendable.....	297,172	-	297,172
Nonexpendable.....	366,441	-	366,441
Grants and gifts.....	2,119,529	-	2,119,529
Unrestricted.....	(47,980,633)	16,655,163	(31,325,470)
TOTAL NET POSITION.....	\$ 29,832,876	\$ 64,247,915	\$ 94,080,791

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 8,005,565	\$ 2,133,857	\$ 533,244	\$ 17,702	\$ (5,320,762)	
Public safety.....	9,569,539	1,531,571	123,054	155,000	(7,759,914)	
Education.....	50,266,941	862,575	20,244,136	715,339	(28,444,891)	
Public works.....	4,895,339	542,600	9,907	698,731	(3,644,101)	
Human services.....	1,188,281	320,368	288,860	-	(579,053)	
Community preservation.....	127,192	-	-	220,000	92,808	
Culture and recreation.....	472,551	142,781	18,997	-	(310,773)	
Interest.....	94,746	-	-	-	(94,746)	
Total Governmental Activities.....	74,620,154	5,533,752	21,218,198	1,806,772	(46,061,432)	
Business-Type Activities:						
Water Pollution Control Facility.....	6,522,743	6,647,853	42,075	660,848	828,033	
Total Primary Government.....	\$ 81,142,897	\$ 12,181,605	\$ 21,260,273	\$ 2,467,620	\$ (45,233,399)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (46,061,432)	\$ 828,033	\$ (45,233,399)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	34,200,159	-	34,200,159
Tax liens.....	552,786	-	552,786
Motor vehicle and other excise taxes.....	3,139,999	-	3,139,999
Penalties and interest on taxes.....	627,243	-	627,243
Community preservation surtax.....	630,766	-	630,766
Grants and contributions not restricted to specific programs.....	3,110,081	-	3,110,081
Unrestricted investment income.....	31,034	44,347	75,381
Miscellaneous.....	81,648	-	81,648
<i>Transfers, net</i>	823,543	(823,543)	-
Total general revenues and transfers.....	43,197,259	(779,196)	42,418,063
Change in net position.....	(2,864,173)	48,837	(2,815,336)
<i>Net Position:</i>			
Beginning of year (as revised).....	32,697,049	64,199,078	96,896,127
End of year.....	\$ <u>29,832,876</u>	\$ <u>64,247,915</u>	\$ <u>94,080,791</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents.....	\$ 5,823,950	\$ 7,169,172	\$ 12,993,122
Investments.....	288,430	-	288,430
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	653,977	9,171	663,148
Tax liens.....	1,833,314	5,566	1,838,880
Motor vehicle excise taxes.....	779,150	-	779,150
Departmental and other.....	279,325	486,424	765,749
Special assessments.....	-	516,193	516,193
Intergovernmental.....	-	1,889,949	1,889,949
Loans.....	-	1,526,424	1,526,424
Tax foreclosures.....	673,307	-	673,307
TOTAL ASSETS.....	\$ 10,331,453	\$ 11,602,899	\$ 21,934,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Warrants payable.....	\$ 883,978	\$ 778,128	\$ 1,662,106
Tax refunds payable.....	207,000	-	207,000
Payroll withholdings.....	425,006	-	425,006
Other liabilities.....	263	-	263
Notes payable.....	-	817,600	817,600
TOTAL LIABILITIES.....	1,516,247	1,595,728	3,111,975
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues.....	4,082,002	3,130,491	7,212,493
FUND BALANCES			
Nonspendable.....	-	366,441	366,441
Restricted.....	-	7,120,722	7,120,722
Committed.....	861,391	-	861,391
Assigned.....	66,230	-	66,230
Unassigned.....	3,805,583	(610,483)	3,195,100
TOTAL FUND BALANCES.....	4,733,204	6,876,680	11,609,884
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 10,331,453	\$ 11,602,899	\$ 21,934,352

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

YEAR ENDED JUNE 30, 2015

Total governmental fund balances.....	\$ 11,609,884
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	73,380,407
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	7,212,493
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.....	1,365,761
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	1,643,561
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(17,294)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(2,452,553)
Capital lease obligations.....	(105,305)
Other postemployment benefits.....	(31,589,187)
Compensated absences.....	(1,680,000)
Net pension liability.....	(29,534,891)
Net effect of reporting long-term liabilities.....	(65,361,936)
Net position of governmental activities.....	<u>\$ 29,832,876</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ 34,276,669	\$ -	\$ 34,276,669
Community preservation surtax.....	-	631,063	631,063
Tax liens.....	703,085	6,831	709,916
Motor vehicle and other excise taxes.....	3,068,514	-	3,068,514
Charges for services.....	950,339	74,254	1,024,593
Penalties and interest on taxes.....	623,643	3,600	627,243
Fees and rentals.....	-	1,658,619	1,658,619
Licenses and permits.....	1,162,456	-	1,162,456
Fines and forfeitures.....	85,267	-	85,267
Intergovernmental.....	18,181,446	7,492,313	25,673,759
Departmental and other.....	-	1,520,741	1,520,741
Contributions.....	-	794,290	794,290
Investment income (loss).....	14,473	15,618	30,091
Miscellaneous.....	82,314	-	82,314
TOTAL REVENUES.....	59,148,206	12,197,329	71,345,535
EXPENDITURES:			
Current:			
General government.....	3,177,782	1,317,158	4,494,940
Public safety.....	5,435,697	1,442,621	6,878,318
Education.....	29,563,021	6,443,722	36,006,743
Public works.....	2,211,700	1,059,398	3,271,098
Human services.....	575,784	168,860	744,644
Community preservation.....	-	279,281	279,281
Culture and recreation.....	135,974	175,564	311,538
Pension benefits.....	6,347,561	-	6,347,561
Employee benefits.....	7,973,821	-	7,973,821
State and county charges.....	3,326,563	-	3,326,563
Debt service:			
Principal.....	653,000	741,272	1,394,272
Interest.....	73,575	27,551	101,126
TOTAL EXPENDITURES.....	59,474,478	11,655,427	71,129,905
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(326,272)	541,902	215,630
OTHER FINANCING SOURCES (USES):			
Proceeds from bonds.....	-	200,000	200,000
Capital lease financing.....	165,455	-	165,455
Transfers in.....	1,629,294	194,868	1,824,162
Transfers out.....	(194,868)	(805,751)	(1,000,619)
TOTAL OTHER FINANCING SOURCES (USES).....	1,599,881	(410,883)	1,188,998
NET CHANGE IN FUND BALANCES.....	1,273,609	131,019	1,404,628
FUND BALANCES AT BEGINNING OF YEAR.....	3,459,595	6,745,661	10,205,256
FUND BALANCES AT END OF YEAR.....	\$ 4,733,204	\$ 6,876,680	\$ 11,609,884

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds.....	\$	1,404,628
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	2,606,761	
Depreciation expense.....	<u>(3,294,373)</u>	
Net effect of reporting capital assets.....		(687,612)

Revenues in the Statement of Activities that do not provide current financial resources are unavailable 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..... (414,040)

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 assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Proceeds from bonds.....	(200,000)	
Debt service principal payments.....	<u>1,394,272</u>	
Net effect of reporting long-term debt.....		1,194,272

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences.....	(71,000)	
Net change in accrued interest on long-term debt.....	6,380	
Net change in capital lease obligation.....	(105,305)	
Net change in other postemployment benefits.....	(4,477,158)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	1,365,761	
Net change in net pension liability.....	<u>(1,387,495)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(4,668,817)

Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with Governmental Activities.....		<u>307,396</u>
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Change in net position of governmental activities.....	\$	<u>(2,864,173)</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-type Activities - Water Pollution Control Facility	Governmental Activities - Internal Service Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 13,087,726	\$ 777,415
Receivables, net of allowance for uncollectibles:		
User fees.....	809,588	-
Sewer liens.....	315,794	-
Departmental and other.....	-	121,636
Special assessments.....	647,156	-
Intergovernmental.....	584,694	-
Working capital deposit.....	-	802,774
	<hr/>	<hr/>
Total current assets.....	15,444,958	1,701,825
	<hr/>	<hr/>
NONCURRENT:		
Receivables, net of allowance for uncollectibles:		
Intergovernmental.....	4,282,061	-
Special assessments.....	12,354,469	-
Capital assets, non depreciable.....	5,130,553	-
Capital assets, depreciable.....	59,095,300	-
	<hr/>	<hr/>
Total noncurrent assets.....	80,862,383	-
	<hr/>	<hr/>
TOTAL ASSETS.....	96,307,341	1,701,825
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions.....	77,454	-
	<hr/>	<hr/>
LIABILITIES		
CURRENT:		
Warrants payable.....	475,110	168
Health claims payable.....	-	58,096
Accrued interest.....	347,342	-
Compensated absences.....	53,000	-
Bonds payable.....	2,764,395	-
	<hr/>	<hr/>
Total current liabilities.....	3,639,847	58,264
	<hr/>	<hr/>
NONCURRENT:		
Compensated absences.....	29,000	-
Other postemployment benefits.....	699,694	-
Bonds payable.....	26,093,385	-
Net pension liability.....	1,674,954	-
	<hr/>	<hr/>
Total noncurrent liabilities.....	28,497,033	-
	<hr/>	<hr/>
TOTAL LIABILITIES.....	32,136,880	58,264
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets.....	47,592,752	-
Unrestricted.....	16,655,163	1,643,561
	<hr/>	<hr/>
TOTAL NET POSITION.....	\$ 64,247,915	\$ 1,643,561
	<hr/>	<hr/>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Water Pollution Control Facility	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Employee contributions.....	\$ -	\$ 894,619
Employer contributions.....	-	2,305,317
Charges for services.....	6,401,681	-
Other.....	246,172	-
TOTAL OPERATING REVENUES	6,647,853	3,199,936
OPERATING EXPENSES:		
Cost of services and administration.....	3,001,602	-
Depreciation.....	2,491,633	-
Employee benefits	-	2,893,483
TOTAL OPERATING EXPENSES	5,493,235	2,893,483
OPERATING INCOME (LOSS).....	1,154,618	306,453
NONOPERATING REVENUES (EXPENSES):		
Investment income.....	44,347	943
Interest expense.....	(1,029,508)	-
Intergovernmental.....	467,316	-
Betterments and interest on betterments.....	235,607	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(282,238)	943
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	872,380	307,396
TRANSFERS:		
Transfers out.....	(823,543)	-
CHANGE IN NET POSITION.....	48,837	307,396
NET POSITION AT BEGINNING OF YEAR (AS REVISED).....	64,199,078	1,336,165
NET POSITION AT END OF YEAR.....	\$ 64,247,915	\$ 1,643,561

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

	Business-type Activities - Water Pollution Control Facility	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 6,808,398	\$ -
Receipts from interfund services provided.....	-	3,199,936
Payments to vendors.....	(2,027,206)	-
Payments to employees.....	(709,073)	-
Payments for interfund services used.....	-	(4,985,184)
NET CASH FROM OPERATING ACTIVITIES.....	4,072,119	(1,785,248)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....	(823,543)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition and construction of capital assets.....	(484,778)	-
Principal payments on bonds and notes.....	(2,408,342)	-
Betterments and interest on betterments.....	1,662,886	-
Interest expense.....	(648,460)	-
Intergovernmental.....	230,553	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,648,141)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	44,347	943
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,644,782	(1,784,305)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,442,944	2,561,720
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,087,726	\$ 777,415
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 1,154,618	\$ 306,453
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	2,491,633	-
Deferred (outflows)/inflows related to pensions.....	(77,454)	-
Changes in assets and liabilities:		
Tax liens.....	25,695	-
User fees.....	134,850	-
Departmental and other.....	-	111,508
Working capital deposit.....	-	(721,474)
Other postemployment benefits obligation.....	109,223	-
Warrants payable.....	155,867	(666)
Accrued liabilities.....	-	(247,100)
Health claims payable.....	-	(788,161)
Payroll withholdings.....	-	(445,808)
Accrued compensated absences.....	(1,000)	-
Net pension liability.....	78,687	-
Total adjustments.....	2,917,501	(2,091,701)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 4,072,119	\$ (1,785,248)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Principal and interest intergovernmental subsidies.....	\$ (801,071)	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ -	\$ 585,488	\$ 1,000,043
Investments.....	50,000	-	-
TOTAL ASSETS.....	50,000	585,488	1,000,043
LIABILITIES			
Liabilities due depositors.....	-	-	583,187
Other liabilities.....	-	-	416,856
TOTAL LIABILITIES.....	-	-	1,000,043
NET POSITION			
Held in trust for opeb benefits and other purposes.....	\$ 50,000	\$ 585,488	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2015

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 50,000	\$ -
Contributions.....	-	42,429
Total contributions.....	50,000	42,429
Net investment income (loss):		
Investment income.....	-	2,194
TOTAL ADDITIONS.....	50,000	44,623
<u>DEDUCTIONS:</u>		
Educational scholarships.....	-	36,700
CHANGE IN NET ASSETS.....	50,000	7,923
NET POSITION AT BEGINNING OF YEAR.....	-	577,565
NET POSITION AT END OF YEAR.....	\$ 50,000	\$ 585,488

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Wareham, Massachusetts 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 of Wareham, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

Joint Venture – The Town has entered into a joint venture with other municipalities to pool resources and share costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specific recipients. The Town is a participant in the Upper Cape Cod Regional Technical School. The powers and duties of the regional school district are vested in and exercised by a regional school district committee composed of representatives of the member Towns of Bourne, Falmouth, Marion, Sandwich, and Wareham Massachusetts. The committee has all powers and duties conferred and imposed upon regional school district committee's by law. Annual assessments are levied by the District against member Towns based on the relative enrollment. The Town of Wareham's 2015 assessment totaled \$2,836,635. The District's financial statements are audited by another independent accounting firm on an annual basis and are not reviewed by the Town's independent auditors. Financial statements are available at Upper Cape Cod Regional Technical School, which is located at 220 Sandwich Road, Bourne, MA 02532.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) 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.

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal 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.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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 following major governmental funds are reported:

The *General Fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following 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 funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds or reported as a major fund).

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.

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

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

The following major proprietary funds are reported:

The *Water Pollution Control Facility Fund (WPCF)* accounts for the operation and maintenance of the Town's sanitary sewer collection and disposal system.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the self-insured employee health and dental program.

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 by the Town for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's educational scholarship trusts are accounted for in this fund.

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

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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. Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed within two years after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

WPCF User Charges

Commercial and residential user fees are billed semiannually. All billings are based on the Equalized Dwelling Unit (EDU) system and are subject to penalties and interest if they are not paid by their respective due dates. WPCF liens are processed in the subsequent year as a lien on the property owner's tax bill. WPCF charges and related liens are recorded as receivables in the year of the levy.

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

Departmental and Other

Departmental and other receivables are recorded as receivables in the year accrued. The allowance for uncollectible is estimated based on historical trends and specific account analysis.

Outstanding ambulance receivables more than 180 days old are deemed uncollectible.

Intergovernmental

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

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

Loans

The Town administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

F. Inventories*Government-Wide and Fund Financial Statements*

Inventories are recorded as expenditures at the time of purchase in the fund financial statements. Such inventories are not material in total to the government-wide financial statements, and therefore are not reported.

G. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund 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 at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

Capital assets, other than infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than amounts shown below and an estimated useful life in excess of one year.

<u>Capital Asset Type</u>	<u>Capitalization Threshold</u>
Buildings and land.....	\$ 100,000
Building and land improvements.....	25,000
Machinery and equipment.....	25,000
Infrastructure.....	300,000
Vehicles.....	25,000

The Town reports infrastructure assets on the network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements in accordance with the policy above.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities) the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year). As the Town constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Buildings and improvements.....	20-40
Machinery and equipment.....	5-20
Infrastructure.....	30-50
Vehicles.....	3-5

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.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows related to pensions in this category.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town does not have any items that qualify for reporting in this category.

Governmental 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 assets that have not been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

I. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

J. Interfund Transfers

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

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

K. Unavailable Revenue*Fund Financial Statements*

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net Position has been “restricted for” the following:

“Streets” - represents amounts committed by the Commonwealth of Massachusetts under the Chapter 90 program for repair and/or reconstruction of streets and sidewalks.

“Community preservation” - represents amount raised for the purpose of ongoing community preservation activities.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Grants and gifts” – represents amounts with restrictions placed on them by outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Selectmen has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. Pensions

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

N. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

O. Investment Income

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

Investment income from proprietary funds, trust funds, and internal service funds is retained within the respective fund.

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

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 the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Individual Fund Deficits

There are several individual fund deficits within the Special Revenue and Capital Project Funds. These deficits will be funded through available fund balance, grants and bond proceeds in future years.

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

As of June 30, 2015, the Town had entered into an agreement to join the Plymouth County Other Postemployment Benefits Trust Program to manage the Town's funds contributed to the trust to offset future benefit payments. As of June 30, 2015, the \$50,000 of investments related OPEB Trust Fund is included within the Town's investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At year-end, the carrying amount of deposits totaled \$28,443,794 and the bank balance totaled \$29,839,582. Of the bank balance, \$2,760,768 was covered by Federal Depository Insurance, \$25,551,650 was collateralized, and \$1,527,164 was uninsured and uncollateralized. The Town has a policy that states that no more than 10% of the Town's cash can be maintained as unsecured. The Town is in compliance with this requirement.

Investments

As of June 30, 2015 the Town had the following investments:

Investment Type	<u>Fair Value</u>
<u>Other Investments</u>	
Equity Securities.....	\$ 288,430
Mutual Funds.....	<u>50,000</u>
Total Investments.....	<u>\$ 338,430</u>

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's investments, \$288,430 of equity securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty.

The Town-wide investment policy addresses custodial credit risk by requiring all securities not held directly by the Town to be held in the Town's name and tax identification number by the third party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Interest Rate Risk

The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town does not have any debt securities as of June 30, 2015.

Concentration of Credit Risk

The Town's investment policy restricts investments to no more than 5% in any one issuer. The Town did not have more than 5% of its investments in any one individual security.

NOTE 3 – RECEIVABLES

At June 30, 2015, receivables for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 730,148	\$ (67,000)	\$ 663,148
Tax liens.....	1,838,880	-	1,838,880
Motor vehicle and other excise taxes.....	921,150	(142,000)	779,150
Departmental and other.....	1,061,749	(296,000)	765,749
Special assessments.....	516,193	-	516,193
Intergovernmental.....	1,889,949	-	1,889,949
Loans.....	1,680,424	(154,000)	1,526,424
Total.....	<u>\$ 8,638,493</u>	<u>\$ (659,000)</u>	<u>\$ 7,979,493</u>

At June 30, 2015, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 809,588	\$ -	\$ 809,588
Tax liens.....	315,794	-	315,794
Special assessments.....	13,001,625	-	13,001,625
Intergovernmental.....	4,866,755	-	4,866,755
Total.....	<u>\$ 18,993,762</u>	<u>\$ -</u>	<u>\$ 18,993,762</u>

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 year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate, personal property and tax deferrals....	\$ 516,906	\$ 9,169	\$ 526,075
Tax liens.....	1,833,314	5,566	1,838,880
Motor vehicle and other excise.....	779,150	-	779,150
Departmental and other.....	279,325	486,424	765,749
Special assessments.....	-	516,193	516,193
Intergovernmental.....	-	586,715	586,715
Loans.....	-	1,526,424	1,526,424
Tax foreclosures.....	673,307	-	673,307
Total.....	<u>\$ 4,082,002</u>	<u>\$ 3,130,491</u>	<u>\$ 7,212,493</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 5,150,014	\$ 68,803	\$ -	\$ 5,218,817
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	68,454,616	1,137,818	-	69,592,434
Land improvements.....	4,338,491	-	-	4,338,491
Machinery and equipment.....	5,706,894	244,100	-	5,950,994
Vehicles.....	4,800,361	329,644	-	5,130,005
Infrastructure.....	54,782,814	826,396	-	55,609,210
Total capital assets being depreciated.....	138,083,176	2,537,958	-	140,621,134
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(33,277,363)	(1,267,695)	-	(34,545,058)
Land improvements.....	(2,002,667)	(198,457)	-	(2,201,124)
Machinery and equipment.....	(4,454,071)	(255,441)	-	(4,709,512)
Vehicles.....	(4,253,269)	(223,841)	-	(4,477,110)
Infrastructure.....	(25,177,801)	(1,348,939)	-	(26,526,740)
Total accumulated depreciation.....	(69,165,171)	(3,294,373)	-	(72,459,544)
Total capital assets being depreciated, net.....	68,918,005	(756,415)	-	68,161,590
Total governmental activities capital assets, net.....	\$ 74,068,019	\$ (687,612)	\$ -	\$ 73,380,407

	Ending Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,842,708	\$ -	\$ -	\$ 4,842,708
Construction in progress.....	-	287,845	-	287,845
Total capital assets not being depreciated.....	4,842,708	287,845	-	5,130,553
<u>Capital assets being depreciated:</u>				
Buildings.....	29,998,148	-	-	29,998,148
Machinery and equipment.....	13,516,322	-	-	13,516,322
Vehicles.....	765,934	-	-	765,934
Infrastructure.....	56,761,918	375,350	-	57,137,268
Total capital assets being depreciated.....	101,042,322	375,350	-	101,417,672
<u>Less accumulated depreciation for:</u>				
Buildings.....	(6,635,695)	(599,639)	-	(7,235,334)
Machinery and equipment.....	(10,576,199)	(349,426)	-	(10,925,625)
Vehicles.....	(694,264)	(20,507)	-	(714,771)
Infrastructure.....	(21,924,581)	(1,522,061)	-	(23,446,642)
Total accumulated depreciation.....	(39,830,739)	(2,491,633)	-	(42,322,372)
Total capital assets being depreciated, net.....	61,211,583	(2,116,283)	-	59,095,300
Total business-type activities capital assets, net.....	\$ 66,054,291	\$ (1,828,438)	\$ -	\$ 64,225,853

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

Governmental Activities:

General government.....	\$ 188,330
Public safety.....	264,390
Education.....	1,316,389
Public works.....	1,354,745
Human services.....	55,904
Culture and recreation.....	98,745
Community preservation.....	15,870
Total depreciation expense - governmental activities.....	\$ 3,294,373

Business-Type Activities:

Water Pollution Control Facility.....	\$ 2,491,633
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NOTE 5 – INTERFUND RECEIVABLES AND TRANSFERS

There were no interfund receivables as of June 30, 2015.

Interfund transfers for the year ended June 30, 2015, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 194,868	\$ 194,868 (1)
Nonmajor Governmental Funds.....	805,751	-	805,751 (2)
Water Pollution Control Facility.....	823,543	-	823,543 (3)
	<u>\$ 1,629,294</u>	<u>\$ 194,868</u>	<u>\$ 1,824,162</u>

(1) Represents transfers from the general fund to the school capital projects fund to pay down short term debt, and to the sale of lots and graves fund and the waterways fund as the result of the rescinding of a previously voted project originally funded through transfers from these funds.

(2) Represents transfers from various special revenue funds to the general fund including: sale of lots and graves, wetlands protection, harbor master, parking meter, EMS ambulance fund and transportation revolving fund.

(3) Represents a transfer from the Water Pollution Control Facility to the General Fund for indirect costs.

NOTE 6 – CAPITAL LEASES

During 2015, the Town entered into a lease agreement to finance the acquisition of four police vehicles. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The following identifies the assets acquired through capital lease agreements:

Asset:	Governmental Activities
Vehicles.....	\$ 165,455
Less: accumulated depreciation.....	<u>(55,152)</u>
Total.....	<u>\$ 110,303</u>

Future minimum lease payments under capitalized leases consist of the following at June 30, 2015:

Years Ending June 30	Governmental Activities
2016.....	\$ 57,236
2017.....	<u>57,236</u>
Total minimum lease payments.....	114,472
Less: amounts representing interest.....	<u>(9,167)</u>
Present value of minimum lease payments.....	<u>\$ 105,305</u>

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds.

The Town had the following short-term financing activity during the year:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2014	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2015
Governmental Funds:							
BAN	MCWT T5-97-1019-F.....	0.00%	6/1/14	\$ 148,000	\$ -	\$ 148,000	\$ -
BAN	School Equipment.....	0.60%	05/08/15	397,000	-	397,000	-
BAN	High School Roof Replacement.....	0.50%	04/01/15	-	275,000	275,000	-
BAN	High School Roof Replacement.....	0.35%	06/01/15	-	275,000	275,000	-
BAN	School Equipment.....	0.50%	05/06/16	-	317,600	-	317,600
BAN	High School Roof Replacement.....	0.35%	07/31/15	-	275,000	-	275,000
BAN	High School Roof Replacement.....	0.40%	07/31/15	-	225,000	-	225,000
Total notes payable.....				<u>\$ 545,000</u>	<u>\$ 1,367,600</u>	<u>\$ 1,095,000</u>	<u>\$ 817,600</u>

As of July 31, 2015, the \$275,000 and \$225,000 BAN's were rolled into one BAN of \$500,000 with an interest rate of .45% payable on September 30, 2015. At September 30, 2015, \$211,364 of the BAN was paid down and the remaining \$288,636 was rolled into a State House Note with an interest rate of 2.25% for five years. This amount will be recognized as long-term debt in 2016.

NOTE 8 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2015, and the debt service requirements follow.

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Amount Issued	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Building Remodeling.....	2015	\$ 68,000	4.7%	\$ 3,000	\$ -	\$ 3,000	\$ -
Building Remodeling.....	2015	74,000	4.7%	4,000	-	4,000	-
Building Remodeling - Senior Center...	2017	449,000	4.8%	65,000	-	23,000	42,000
Building Remodeling - School.....	2017	365,000	4.8%	57,000	-	19,000	38,000
Building Remodeling - School.....	2017	500,000	4.8%	78,000	-	26,000	52,000
MCWT Title V 97-1019.....	2019	195,676	4.4%	54,340	-	10,868	43,472
MCWT Title V 97-1019 - 1.....	2021	189,474	4.4%	74,538	-	10,353	64,185
Building Remodeling - EMS.....	2020	500,000	4.2%	150,000	-	25,000	125,000
Open Space.....	2019	184,000	4.1%	50,000	-	10,000	40,000
School Bus Garage.....	2020	150,000	4.1%	30,000	-	5,000	25,000
Town Hall Repairs.....	2021	300,000	4.3%	105,000	-	15,000	90,000
School Roof.....	2021	200,000	4.3%	70,000	-	10,000	60,000
Multi-purpose.....	2023	3,609,000	3.8%	1,025,000	-	820,000	205,000
MCWT Title V 97-1019 - 2.....	2025	185,254	4.6%	99,525	-	9,525	90,000
Building Remodeling.....	2015	100,000	3.6%	10,000	-	10,000	-
Building Remodeling II.....	2015	120,000	3.6%	15,000	-	15,000	-
MCWT Title V 97-1019 - 3C.....	2028	200,000	0.0%	140,000	-	10,000	130,000
MCWT Title V T5-97-1019-D.....	2030	200,000	0.0%	168,422	-	10,526	157,896
State House Notes.....	2018	1,250,000	2.0%	955,000	-	285,000	670,000
MCWT Title V T5-97-1019-E.....	2033	200,000	0.0%	190,000	-	10,000	180,000
State House Notes of 2014.....	2019	303,000	1.5%	303,000	-	63,000	240,000
MCWT Title V T5-97-1019-F.....	2035	200,000	0.0%	-	200,000	-	200,000
Total.....				\$ 3,646,825	\$ 200,000	\$ 1,394,272	\$ 2,452,553

The Community Preservation Committee (CPC) voted to pay down \$605,000 of long-term debt outstanding related to CPC projects that became callable during 2015. These bonds are part of the multi-purpose issuance reported above.

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2016.....	\$ 572,747	\$ 58,020	\$ 630,767
2017.....	487,747	37,228	524,975
2018.....	416,747	25,050	441,797
2019.....	221,747	16,592	238,339
2020.....	141,913	10,333	152,246
2021.....	106,912	6,853	113,765
2022.....	75,526	4,228	79,754
2023.....	75,526	2,097	77,623
2024.....	45,526	375	45,901
2025.....	45,527	125	45,652
2026.....	40,527	-	40,527
2027.....	40,527	-	40,527
2028.....	40,527	-	40,527
2029.....	30,527	-	30,527
2030.....	30,527	-	30,527
2031.....	20,000	-	20,000
2032.....	20,000	-	20,000
2033.....	20,000	-	20,000
2034.....	10,000	-	10,000
2035.....	10,000	-	10,000
Total.....	\$ 2,452,553	\$ 160,901	\$ 2,613,454

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Amount Issued	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Sewer Riverside.....	2022	\$ 180,405	4.3%	\$ 60,000	\$ -	\$ 10,000	\$ 50,000
Sewer Sunset Island.....	2022	265,000	4.3%	85,000	-	15,000	70,000
Sewer Thatcher.....	2022	1,215,000	4.4%	480,000	-	60,000	420,000
Engineering- Water Pollution.....	2022	1,350,000	4.4%	520,000	-	65,000	455,000
Sewer Design & Construction.....	2018	2,106,000	4.8%	413,000	-	105,000	308,000
Sewer Design & Construction.....	2020	468,200	6.0%	93,637	-	15,606	78,031
MCWT Construction 96-15.....	2017	1,470,980	5.4%	329,891	-	106,653	223,238
MCWT Construction 91-18.....	2017	1,411,886	5.4%	316,637	-	102,368	214,269
MCWT Construction CW-01-41.....	2023	8,823,166	5.0%	4,980,000	-	490,000	4,490,000
MCWT Construction CW-02-49.....	2024	10,878,067	5.0%	7,085,000	-	607,000	6,478,000
Sewer Planning.....	2023	597,000	3.9%	285,000	-	35,000	250,000
Sewer Weweatic.....	2026	3,305,000	3.9%	1,945,000	-	170,000	1,775,000
Sewer Pump Station.....	2026	800,000	3.8%	480,000	-	40,000	440,000
Sewer Pump Station.....	2015	500,000	3.6%	75,000	-	75,000	-
MCWT Construction CW-02-49A.....	2027	688,636	0.0%	497,351	-	38,257	459,094
MCWT Construction CW-05-10.....	2027	4,978,306	2.0%	3,770,054	-	256,491	3,513,563
MCWT Construction CWS-07-37.....	2031	6,567,049	2.0%	5,741,387	-	286,415	5,454,972
Serial State Issue-Sewer.....	2017	667,000	2.5%	390,000	-	130,000	260,000
MCWT CWS-07-37-A.....	2033	4,668,271	2.0%	4,094,995	-	176,382	3,918,613
Total.....				\$ 31,641,952	\$ -	\$ 2,784,172	\$ 28,857,780

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as follows:

Year	Principal	Interest	Total
2016.....	\$ 2,764,395	\$ 875,712	\$ 3,640,107
2017.....	2,816,122	756,600	3,572,722
2018.....	2,505,476	651,016	3,156,492
2019.....	2,456,210	574,328	3,030,538
2020.....	2,507,271	461,329	2,968,600
2021.....	2,553,053	374,888	2,927,941
2022.....	2,604,781	287,154	2,891,935
2023.....	2,521,853	184,461	2,706,314
2024.....	1,904,277	142,831	2,047,108
2025.....	1,120,058	117,374	1,237,432
2026.....	1,138,210	91,557	1,229,767
2027.....	956,732	69,371	1,026,103
2028.....	604,724	54,140	658,864
2029.....	617,299	41,920	659,219
2030.....	630,135	29,446	659,581
2031.....	643,237	16,711	659,948
2032.....	254,211	7,736	261,947
2033.....	259,736	2,597	262,333
Total.....	\$ <u>28,857,780</u>	\$ <u>4,739,171</u>	\$ <u>33,596,951</u>

The Enterprise Fund is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$3,170,000 and interest costs for \$1,743,000. Thus, net MCWT loan repayments, including interest, are scheduled to be \$18,946,000. The principal subsidies are guaranteed and therefore a \$3,170,000 intergovernmental receivable has been reported in the sewer enterprise fund financial statements. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2015 principal and interest subsidies totaled \$376,000 and \$425,000 respectively.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2015, the Town had the following authorized and unissued debt:

Purpose	Amount
School Equipment & Technology.....	\$ 383,000
School Roof Repair.....	110,000
School Buses.....	360,000
School Feasibility Study.....	575,000
Various Municipal Projects.....	1,200,000
High School Roof Replacement.....	2,208,922
Total.....	\$ <u>4,836,922</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion
Governmental Activities:					
Long-Term Bonds.....	\$ 3,646,825	\$ 200,000	\$ (1,394,272)	\$ 2,452,553	\$ 572,747
Other Postemployment Benefits.....	27,112,029	7,208,999	(2,731,841)	31,589,187	-
Compensated Absences.....	1,609,000	907,000	(836,000)	1,680,000	898,000
Capital Leases.....	-	165,455	(60,150)	105,305	51,181
Net Pension Liability.....	28,147,396	1,387,495	-	29,534,891	-
Total.....	\$ 60,515,250	\$ 9,868,949	\$ (5,022,263)	\$ 65,361,936	\$ 1,521,928
Business-Type Activities:					
Long-Term Bonds.....	\$ 31,641,952	\$ -	\$ (2,784,172)	\$ 28,857,780	\$ 2,764,395
Other Postemployment Benefits.....	590,471	121,226	(12,003)	699,694	-
Compensated Absences.....	83,000	46,000	(47,000)	82,000	53,000
Net Pension Liability.....	1,596,267	78,687	-	1,674,954	-
Total.....	\$ 33,911,690	\$ 245,913	\$ (2,843,175)	\$ 31,314,428	\$ 2,817,395

The long-term liabilities will be liquidated in the future by the general and enterprise funds, respectfully.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch.40 §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.

At year end the balance of the General Stabilization Fund is \$1,591,909 and is reported as unassigned fund balance within the General Fund.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

The Town has classified its fund balances with the following hierarchy:

GOVERNMENTAL FUNDS			
	General	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES			
Nonspendable:			
Permanent fund principal..... \$	- \$	366,441 \$	366,441
Restricted for:			
Revolving funds.....	-	1,397,094	1,397,094
Private/local gift and grant funds.....	-	798,015	798,015
School lunch.....	-	28,761	28,761
Town grant funds.....	-	571,992	571,992
School grant funds.....	-	720,761	720,761
Community preservation fund.....	-	3,156,927	3,156,927
Town capital projects.....	-	150,000	150,000
Other permanent funds.....	-	297,172	297,172
Committed to:			
General government.....	459,569	-	459,569
Public safety.....	50,665	-	50,665
Public works.....	351,157	-	351,157
Assigned to:			
General government.....	31,240	-	31,240
Public safety.....	1,965	-	1,965
Public works.....	23,025	-	23,025
Human services.....	10,000	-	10,000
Unassigned.....	3,805,583	(610,483)	3,195,100
TOTAL FUND BALANCES..... \$	<u>4,733,204</u> \$	<u>6,876,680</u> \$	<u>11,609,884</u>

NOTE 10 – RISK FINANCING

The Town is self-insured for its health and dental insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

Health and Dental Insurance

The Town estimates its Incurred But Not Reported (IBNR) claims based on a historical analysis of the timing of claims paid. The Town purchases individual stop loss insurance for claims in excess of coverage provided by the Town in the amount of \$100,000. At June 30, 2015, the amount of the liability for dental insurance claims totaled \$58,096. This liability is based on the 2015 dental claims not paid until 2016. As of October 1, 2015, the Town changed to a premium based dental coverage through Altus Dental and is therefore, no longer self-insured for dental benefits as of that date.

As of October 1, 2014, the Town entered the Mayflower Municipal Health Group, a healthcare consortium and as a result is no longer self-insured for health insurance as of that date. The Town had a working capital deposit with their health claims administrator to cover any run off claims. As a result, there are no Incurred But Not Reported (IBNR) claims related to health insurance activities.

Changes in the reported liability since July 1, 2013, are as follows:

		Balance at Beginning of Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Year-End
2015.....	\$	846,257	\$	4,197,023	\$	(4,985,184)	\$	58,096
2014.....		807,642		9,617,875		(9,579,260)		846,257

General Liability and Property Insurance

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 for which the Town carries commercial insurance.

Workers' Compensation

The Town participates in a premium based workers' compensation insurance plan for its employees, including police officers and firefighters. All public safety claims are subject to a maximum allowable insurance benefit which varies by contract, the Town is responsible for any excess public safety claims. As of June 30, 2015, this amount was immaterial and therefore not recorded.

NOTE 11 - PENSION PLAN*Plan Descriptions*

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$3,098,517 is reported in the general fund as intergovernmental revenue and pension benefits in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$44,599,148 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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 increase 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.

There were no changes of benefit terms that affected the total pension liability at December 31, 2014.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCRA a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2014 was \$3,268,147, 26.73% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2015, the Town reported a liability of \$31,209,845 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. 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, 2014, the Town's proportion was 5.354%, which did not change from its proportion measured at December 31, 2013.

Pension Expense

For the year ended June 30, 2015, the Town recognized pension expense of \$3,227,611. At June 30, 2015, the Town reported deferred outflows of resources related to pensions of \$1,443,215, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience. There were no reported changes in assumptions as of December 31, 2014.

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016.....	\$	360,804
2017.....		360,804
2018.....		360,804
2019.....		<u>360,803</u>
Total.....	\$	<u><u>1,443,215</u></u>

Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2015
Actuarial cost method.....	Individual Entry Age Normal Cost Method
Amortization method.....	Level percent, open group
Remaining amortization period.....	17 years
Asset valuation method.....	Actuarially valued using a five-year smoothing method of gains and losses.
Rate of investment return.....	8.00%
Inflation rate.....	3.75%
Value of investments.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
Projected salary increases.....	3.75% per year
Cost of living adjustments.....	3.0% of the lesser of the pension amount and \$13,000 per year
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	Pre-retirement and post retirement mortality are represented by the RP-2000 Mortality Table for males and females adjusted to 2015 with Scale AA. Disabled members is represented by the RP-2000 Mortality Table set forward two years for all disabled members.
Family composition.....	Assumption that 80% of members will be survived by a spouse, females are three years younger than males and males are three years older than females.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2015 are summarized in the following table:

Asset Class	Portfolio Target Weight	Long-Term Expected Real Rate of Return
Domestic equity.....	33.00%	10.20%
Foreign equity.....	16.00%	11.00%
Total fixed income.....	25.50%	7.90%
Real estate/real assets.....	13.00%	9.30%
Private equity.....	7.50%	14.60%
Hedge funds of funds.....	4.00%	8.70%
Cash.....	1.00%	4.00%
Total.....	100.00%	

Rate of return

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
The Town's proportionate share of the net pension liability..... \$	39,169,703 \$	31,209,845 \$	24,403,540

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Wareham administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which cover both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

As of the July 1, 2014 actuarial, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents...	482
Current active members.....	<u>544</u>
Total.....	<u><u>1,026</u></u>

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 70 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 30 percent of their premium costs. For year 2015, the Town contributed \$2.7 million to the plan.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the following table:

Annual required contribution..... \$	7,295,968
Interest on UAAL.....	1,108,103
Adjustments to annual required contribution.....	<u>(1,073,846)</u>
Annual OPEB cost (expense).....	7,330,225
Contributions made.....	<u>(2,743,844)</u>
Increase/(Decrease) in net OPEB obligation.....	4,586,381
Net OPEB obligation - beginning of year.....	<u>27,702,500</u>
Net OPEB obligation - end of year..... \$	<u><u>32,288,881</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for year 2015 and two prior years was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 7,330,225	37%	\$ 32,288,881
6/30/2014	8,075,503	35%	27,702,500
6/30/2013	7,792,555	33%	22,481,727

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$81.6 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was not reported in the July 1, 2014 actuarial valuation.

In 2015, the general fund of the Town has made its first contribution of \$50,000 to the Plymouth County Other Postemployment Benefits Trust Program ("Program"). The objective of the Program is to assist public entities (counties, cities, towns, school districts, special districts, and municipal light plants) in Plymouth County and neighboring Norfolk, Bristol, and Barnstable counties with pre-funding their obligations for other postemployment benefits (other than pensions) by investing in a manner in accordance with Massachusetts Government Code within IRC Section 115 multiple employer trust.

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

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

In the July 1, 2014, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, projected compensation increases of 3%, an inflation rate of 2.5%, and an annual medical/drug cost trend rate of 5%. The UAAL is being amortized using level dollar method over the maximum acceptable open period of 30 years at the last valuation. The remaining amortization period is 30 years as of July 1, 2014.

NOTE 13 - COMMITMENTS

The Town has entered into, or is planning to enter into contracts totaling approximately \$4.8 million for various school projects including the High School Roof Replacement project and feasibility study, and various other municipal projects.

NOTE 14 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2015, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2016, which is the date the financial statements were available to be issued.

NOTE 16 – REVISION OF NET POSITION

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statements #68 and #71. The revised balances are summarized in the following table:

Description	June 30, 2014 Previously Reported Balances	Implementation of GASB's 68 & 71	June 30, 2014 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 60,844,445	\$ (28,147,396)	\$ 32,697,049
Business-type activities.....	65,795,345	(1,596,267)	64,199,078
Total.....	<u>\$ 126,639,790</u>	<u>\$ (29,743,663)</u>	<u>\$ 96,896,127</u>
Proprietary Fund Financial Statements			
Water pollution control facility.....	<u>\$ 65,795,345</u>	<u>\$ (1,596,267)</u>	<u>\$ 64,199,078</u>

NOTE 17 – FUTURE IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2015, the following GASB pronouncements were implemented:

- GASB Statement #67, *Financial Reporting for Pension Plans*; GASB Statement #68, *Accounting and Financial Reporting for Pensions*; and GASB Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Financial statement changes include the recognition of a net pension liability, pension expense and deferred outflows/inflows of resources depending on the nature of the change each year.

The financial statements also recognized a revision of the beginning net position to reflect the net pension liability at the beginning of the year. The notes to the basic financial statements and the required supplementary information were expanded to include additional required schedules and disclosures.

- GASB Statement #69, *Governmental Combinations and Disposals of Government Operations*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #72, *Fair Value Measurement and Application*, which is required to be implemented in 2016.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions of this Statement are effective for 2016-except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for 2017.
- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

Management is currently assessing the impact the implementation of these standards will have on the basic financial statements.

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Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		
	Amounts Carried forward From Prior Year	Original Budget	Final Budget
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 34,547,537	\$ 34,547,537
Tax liens.....	-	-	-
Motor vehicle and other excise taxes.....	-	2,960,000	2,960,000
Charges for services.....	-	925,000	925,000
Penalties and interest on taxes.....	-	320,000	320,000
Licenses and permits.....	-	950,000	950,000
Fines and forfeitures.....	-	40,000	40,000
Intergovernmental.....	-	15,124,132	15,124,132
Investment income.....	-	28,800	28,800
Miscellaneous.....	-	-	-
TOTAL REVENUES.....	-	54,895,469	54,895,469
EXPENDITURES:			
Current:			
General government.....	335,114	3,322,977	3,823,644
Public safety.....	182,257	5,316,667	5,446,765
Education.....	-	29,627,536	29,692,536
Public works.....	158,453	1,869,601	2,011,901
Human services.....	12,300	532,320	605,750
Culture and recreation.....	-	125,239	135,997
Pension benefits.....	-	3,249,644	3,249,644
Employee benefits.....	-	8,558,396	8,553,396
State and county charges.....	-	2,997,098	2,997,098
Debt service:			
Principal.....	-	653,600	653,600
Interest.....	-	98,305	98,305
TOTAL EXPENDITURES.....	688,124	56,351,383	57,268,636
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(688,124)	(1,455,914)	(2,373,167)
OTHER FINANCING SOURCES (USES):			
Transfers in.....	-	954,089	1,248,589
Transfers out.....	-	(79,400)	(919,400)
TOTAL OTHER FINANCING SOURCES (USES).....	-	874,689	329,189
OTHER BUDGETARY AMOUNTS:			
Available funds for carryforward articles and encumbrances.....	688,124	688,124	688,124
Free cash and other available funds voted to balance the budget.....	-	-	1,462,753
Amounts raised for prior years snow and ice deficit.....	-	(97,929)	(97,929)
Amounts raised for prior years overlay deficit.....	-	(8,970)	(8,970)
TOTAL OTHER BUDGETARY AMOUNTS.....	688,124	581,225	2,043,978
NET CHANGE IN FUND BALANCE.....	-	-	-
BUDGETARY FUND BALANCE, Beginning of year.....	-	2,632,593	2,632,593
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 2,632,593	\$ 2,632,593

See notes to basic financial statements.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	34,321,937	\$ -	\$ (225,600)
	703,085	-	703,085
	3,068,514	-	108,514
	950,339	-	25,339
	623,643	-	303,643
	1,162,456	-	212,456
	85,267	-	45,267
	15,082,929	-	(41,203)
	24,223	-	(4,577)
	82,314	-	82,314
	<u>56,104,707</u>	<u>-</u>	<u>1,209,238</u>
	3,177,782	490,809	155,053
	5,270,242	52,630	123,893
	29,563,021	-	129,515
	2,211,700	374,182	(573,981)
	575,784	10,000	19,966
	135,974	-	23
	3,249,044	-	600
	7,973,821	-	579,575
	3,326,563	-	(329,465)
	653,000	-	600
	73,575	-	24,730
	<u>56,210,506</u>	<u>927,621</u>	<u>130,509</u>
	<u>(105,799)</u>	<u>(927,621)</u>	<u>1,339,747</u>
	1,629,294	-	380,705
	<u>(944,868)</u>	<u>-</u>	<u>(25,468)</u>
	<u>684,426</u>	<u>-</u>	<u>355,237</u>
	-	-	(688,124)
	-	-	(1,462,753)
	-	-	97,929
	<u>-</u>	<u>-</u>	<u>8,970</u>
	<u>-</u>	<u>-</u>	<u>(2,043,978)</u>
	578,627	(927,621)	(348,994)
	<u>2,632,593</u>	<u>-</u>	<u>-</u>
\$	<u><u>3,211,220</u></u>	<u><u>(927,621)</u></u>	<u><u>(348,994)</u></u>

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PLYMOUTH COUNTY RETIREMENT ASSOCIATION**

	December 31, 2014
Town's proportion of the net pension liability (asset).....	5.354%
Town's proportionate share of the net pension liability (asset)..... \$	31,209,845
Town's covered employee payroll..... \$	12,225,509
Net pension liability as a percentage of covered-employee payroll.....	255.28%
Plan fiduciary net position as a percentage of the total pension liability.....	169.84%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF TOWN'S CONTRIBUTIONS
PLYMOUTH COUNTY RETIREMENT ASSOCIATION

	December 31, 2014
Actuarially determined contribution.....	\$ 3,268,147
Contributions in relation to the actuarially determined contribution.....	<u>3,268,147</u>
Contribution deficiency (excess).....	<u>\$ -</u>
Covered-employee payroll	\$ 12,225,509
Contributions as a percentage of covered- employee payroll.....	26.73%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>		<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2015.....	\$	44,599,148	\$ 3,098,517	61.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the annual required contributions to the actual contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2014	\$ -	\$ 81,619,559	\$ 81,619,559	0.00%	\$ N/A	N/A
7/1/2012	-	82,104,869	82,104,869	0.00%	N/A	N/A
7/1/2010	-	87,952,833	87,952,833	0.00%	33,188,784	265.0%
7/1/2008	-	83,050,934	83,050,934	0.00%	N/A	N/A

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2015	\$ 7,295,968	\$ 2,743,844	38%
2014	7,840,772	2,854,730	36%
2013	7,765,373	2,603,828	34%
2012	7,705,000	3,437,000	45%

N/A=Not Available

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date	July 1, 2014
Actuarial cost method	Individual Entry Age
Amortization method	Level dollar amortization over a 30 year period, open
Remaining amortization period	30 years as of July 1, 2014
Asset valuation method	Market Value

Actuarial Assumptions:

Investment rate of return	4.00%
Medical/drug cost trend rate	5.00%
Compensation increases	3.00%
Inflation rate	2.50%

Plan Membership:

Current retirees, beneficiaries, and dependents...	482
Current active members.....	<u>544</u>
Total.....	<u><u>1,026</u></u>

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Board of Selectmen (the "Board"). The Board presents an annual budget to the representative Town meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The representative town meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between voted functions subsequent to the approval of the annual budget, requires a vote at a special Town meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2015 approved budget and amounts carried forward from prior year authorized approximately \$56.4 million in appropriations and other amounts to be raised. During year 2015, the Town meeting approved subsequent increases in appropriations totaling approximately \$1.8 million.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2015, is presented below:

Net change in fund balance - budgetary basis.....	\$	578,627
<u>Perspective difference:</u>		
Stabilization fund recorded in the General Fund for GAAP.....		740,250
<u>Basis of accounting differences:</u>		
Net difference in recognition of revenues.....		(65,000)
Net change in recording 60-day receipts accrual.....		19,732
Recognition of revenue for on-behalf payments.....		3,098,517
Recognition of expenditures for on-behalf payments.....		<u>(3,098,517)</u>
Net change in fund balance - GAAP basis.....	\$	<u><u>1,273,609</u></u>

C. Appropriation Deficits

During 2015, expenditures exceeded budgeted appropriations for snow and ice and state and county charges. These deficits will be funded in future years through tax levy and other available funds.

NOTE B – PENSION PLAN***Pension Plan Schedules***A. Schedule of the City's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

None

E. Changes in Plan Provisions

None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

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

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

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.