

TOWN OF WEST BOYLSTON, MASSACHUSETTS

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

YEAR ENDED JUNE 30, 2016

TOWN OF WEST BOYLSTON, MASSACHUSETTS
REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of West Boylston, 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 West Boylston, Massachusetts, as of and for the year ended June 30, 2016, (except for the West Boylston Municipal Light Plant which is as of and for the year ended December 31, 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 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 did not audit the financial statements of the West Boylston Municipal Light Plant as of December 31, 2015, which represent 27.4%, 18.3%, and 89.2%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities of the West Boylston Municipal Light Plant, is based solely on the report of the other auditors. 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 West Boylston, Massachusetts, as of June 30, 2016, (except for the West Boylston Municipal Light Plant which is as of and for the year ended December 31, 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 February 3, 2017, on our consideration of the Town of West Boylston, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 West Boylston, Massachusetts' internal control over financial reporting and compliance.



February 3, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of West Boylston, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2016. 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 net position of the Town of West Boylston exceeded its liabilities at the close of the most recent year by \$37.0 million.
- As required by GASB Statement #68, in 2016 the Town recognized their total net pension liability of \$14.3 million along with a net deferred outflow/inflow related to pensions of \$467,000 on the statement of net position.
- At the close of the current year, the Town's general fund reported an ending fund balance of \$3.4 million, a decrease of \$189,000 in comparison with the prior year. Total fund balance represents 13.5% of total general fund expenditures.
- The Town's long-term debt decreased by approximately \$1.3 million during the current year bringing total debt to \$7.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of West Boylston's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This approach focuses on both the Town as a whole (government-side) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-side and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business. These statements provide both short-term and long-term information about the Town's financial position, which assists in assessing the Town's economic position at the end of the year. The statements are prepared using the full accrual basis of accounting. All revenues and expenses connected with the year are considered even if cash involved has not been received or disbursed. The government-wide financial statements include two statements:

The *statement of net position* presents information on the Town's non fiduciary assets and deferred outflows of resources, deferred inflows of resources 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 is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, health and sanitation, culture and recreation, capital outlay and interest.

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

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

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

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

Proprietary Funds. The Town maintains one type 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 sewer activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. Fiduciary 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.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of West Boylston's governmental liabilities and deferred inflows exceeded its assets and deferred outflows \$452,000 at the close of 2016. Key components of the Town's governmental activities financial position are listed below.

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets.....	\$ 10,714,995	\$ 10,494,595
Noncurrent assets (excluding capital).....	-	427,076
Capital assets.....	18,599,206	18,449,314
Total assets.....	<u>29,314,201</u>	<u>29,370,985</u>
Deferred outflows of resources:		
Deferred outflows related to pensions.....	1,024,250	8,039
Liabilities:		
Current liabilities (excluding debt).....	967,483	881,740
Noncurrent liabilities (excluding debt).....	22,451,505	22,587,875
Current debt.....	3,196,371	3,024,351
Noncurrent debt.....	3,441,974	4,228,141
Total liabilities.....	<u>30,057,333</u>	<u>30,722,107</u>
Deferred inflows of resources:		
Deferred inflows related to pensions.....	733,042	-
Net position:		
Net investment in capital assets.....	12,091,681	11,333,712
Restricted.....	5,164,448	4,685,307
Unrestricted.....	(17,708,053)	(17,362,102)
Total net position.....	<u>\$ (451,924)</u>	<u>\$ (1,343,083)</u>

The largest single portion of the Town of West Boylston's net position of \$12.1 million reflects its investment in capital assets (e.g., land, buildings, vehicles); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$5.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position resulted in a \$17.7 million deficit, due mainly to the cumulative effect of recording \$10.6 million of other postemployment benefit liabilities through June 30, 2016 along with a net pension liability of \$11.9 million.

Governmental activities. Governmental activities decreased the Town of West Boylston's net position by \$615,000. Key elements of this decrease are as follows:

	2016	2015
Program revenues:		
Charges for services.....	\$ 1,725,867	\$ 1,564,494
Operating grants and contributions.....	7,940,862	6,584,927
Capital grants and contributions.....	-	104,744
General revenues:		
Real estate and personal property taxes.....	15,726,488	15,335,378
Tax liens.....	9,638	-
Motor vehicle and other excise taxes.....	1,053,888	1,005,725
Penalties and interest on taxes.....	55,749	896,743
Payments in lieu of taxes.....	670,855	-
Grants and contributions not restricted to specific programs.....	1,244,679	122,281
Miscellaneous.....	26,371	506,640
Unrestricted investment income.....	10,971	10,341
Other.....	-	12,000
Total revenues.....	28,465,368	26,143,273
Expenses:		
General government.....	2,064,524	1,350,646
Public safety.....	4,040,404	2,473,620
Education.....	19,206,419	13,594,864
Public works.....	2,343,835	2,418,257
Human services.....	460,225	294,936
Culture and recreation.....	660,425	617,843
Employee benefits.....	-	5,732,051
Interest.....	81,499	102,561
State and county charges.....	-	611,551
Capital outlay.....	223,660	-
Total expenses.....	29,080,991	27,196,329
Change in net position.....	(615,623)	(1,053,056)
Net position beginning of the year (as restated).....	163,699	(290,027)
Net position end of the year	\$ (451,924)	\$ (1,343,083)

The governmental expenses totaled \$29.1 million of which \$9.7 million (33%) was directly supported by program revenues consisting of charges for services, operating and capital grants, and contributions. General revenues totaled \$18.8 million, primarily coming from property taxes, motor vehicle excise and nonrestricted grants and contributions.

The governmental net position decreased by \$615,000 during the current year. The change was due to an increase in the OPEB and net pension liability of \$1.3 million and \$1.1 million, respectively, offset by positive budgetary results.

Business-type Activities

There was a net decrease of \$321,000 in connection with the Town's Business-type activities. Key elements of this decrease are as follows:

	2016	2015
Assets:		
Current assets.....	\$ 11,746,476	\$ 11,747,446
Noncurrent assets (excluding capital).....	7,367,838	7,668,998
Capital assets.....	35,477,863	36,075,864
Total assets.....	<u>54,592,177</u>	<u>55,492,308</u>
Deferred outflows of resources.....	179,005	-
Liabilities:		
Current liabilities (excluding debt).....	945,438	796,797
Noncurrent liabilities (excluding debt).....	2,744,041	2,605,786
Current debt.....	506,164	564,158
Noncurrent debt.....	7,817,323	8,323,487
Total liabilities.....	<u>12,012,966</u>	<u>12,290,228</u>
Deferred inflows of resources.....	5,273,644	5,684,632
Net position:		
Net investment in capital assets.....	26,456,454	27,188,219
Restricted.....	1,181,286	841,794
Unrestricted.....	9,846,832	9,487,435
Total net position.....	<u>\$ 37,484,572</u>	<u>\$ 37,517,448</u>
Program revenues:		
Charges for services.....	\$ 9,585,703	\$ 9,366,225
Capital grants and contributions.....	-	243,704
General revenues:		
Unrestricted investment income.....	68,297	61,273
Total revenues.....	<u>9,654,000</u>	<u>9,671,202</u>
Expenses:		
Sewer.....	2,310,777	2,190,007
Electric.....	7,376,099	6,921,492
Total expenses.....	<u>9,686,876</u>	<u>9,111,499</u>
Change in net position.....	(32,876)	559,703
Net position beginning of the year (as restated).....	<u>37,517,448</u>	<u>36,957,745</u>
Net position end of the year.....	<u>\$ 37,484,572</u>	<u>\$ 37,517,448</u>

The Sewer Enterprise Fund is used to account for operating costs for sewer activities. Total revenues amounted to \$1.3 million which is the same as 2015.

At year end the Sewer Enterprise Fund had total net position of \$30.7 million which can be used for the on-going operation of the Town's sewer activities.

The Electric Light Enterprise Fund net position increased \$757,000 during the current year. This is in comparison to a \$1.2 million increase in 2015.

Financial Analysis of the 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, the Town of West Boylston's governmental funds reported combined ending fund balances of \$6.4 million, an increase of \$187,000 in comparison with prior year. The increase is mainly relates to timing differences in the nonmajor funds and better than expected general fund receipts.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$2.3 million, of which \$1.2 million relates to the general stabilization fund and \$549,000 relates to the capital stabilization fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 9.3% of the total general fund expenditures, while total fund balance represents 13.5% of that same amount.

The general fund decreased by \$189,000 during the current year. This was better than planned and is attributable to better than expected revenue collections.

General Fund Budgetary Highlights

The general fund budget, including encumbrances, was \$24.1 million. It was increased \$795,000 during the year.

Capital Asset and Debt Administration

Capital Assets. The Town of West Boylston's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$54.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and furnishings and vehicles and infrastructure. Acquisition of capital assets for the current year was \$1.8 million.

Debt Administration. At the end of the current year, the Town of West Boylston had total bonded long-term debt outstanding of \$1.3 and \$8.3 million for the governmental and business-type activities, respectively.

Please refer to the Notes 4, 6, and 7 for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of West Boylston'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, 140 Worcester Street, West Boylston, MA 01583.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2016

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 8,852,517	\$ 8,398,711	\$ 17,251,228
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	256,806	-	256,806
Tax liens.....	63,439	18,767	82,206
Motor vehicle and other excise taxes.....	113,649	-	113,649
User fees.....	-	271,114	271,114
Special assessments.....	-	539,913	539,913
Electric light fees.....	-	145,554	145,554
Departmental and other.....	443,152	382,981	826,133
Interest receivable.....	-	6,085	6,085
Unbilled revenue.....	-	584,608	584,608
Intergovernmental.....	984,202	-	984,202
Inventory.....	-	285,091	285,091
Prepaid expenses.....	1,230	42,380	43,610
Prepaid purchase power.....	-	113,772	113,772
Purchase power advance deposits.....	-	957,500	957,500
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	2,724,523	2,724,523
Customer deposits.....	-	139,342	139,342
Depreciation fund.....	-	1,181,286	1,181,286
Investments.....	-	2,798	2,798
Rate stabilization fund.....	-	3,319,889	3,319,889
Capital assets, nondepreciable.....	1,639,999	697,922	2,337,921
Capital assets, net of accumulated depreciation.....	16,959,207	34,779,941	51,739,148
TOTAL ASSETS.....	29,314,201	54,592,177	83,906,378
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	1,024,250	179,005	1,203,255
LIABILITIES			
CURRENT:			
Warrants payable.....	466,610	678,659	1,145,269
Accrued liabilities.....	-	263,830	263,830
Accrued payroll.....	242,520	2,949	245,469
Payroll withholdings.....	214,846	-	214,846
Abandoned property.....	24,023	-	24,023
Other liabilities.....	484	-	484
Capital lease obligations.....	130,820	-	130,820
Compensated absences.....	19,000	-	19,000
Notes payable.....	2,540,250	-	2,540,250
Bonds payable.....	525,301	506,164	1,031,465
NONCURRENT:			
Customer deposits payable.....	-	139,342	139,342
Capital lease obligations.....	2,698,061	-	2,698,061
Compensated absences.....	57,000	-	57,000
Other postemployment benefits.....	10,533,342	177,065	10,710,407
Net pension liability.....	11,861,163	2,427,634	14,288,797
Bonds payable.....	743,913	7,817,323	8,561,236
TOTAL LIABILITIES.....	30,057,333	12,012,966	42,070,299
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	733,042	2,907	735,949
Purchased power adjustment.....	-	1,410,079	1,410,079
Reserve for rate stabilization.....	-	3,860,658	3,860,658
TOTAL DEFERRED INFLOWS OF RESOURCES.....	733,042	5,273,644	6,006,686
NET POSITION			
Net investment in capital assets.....	12,091,681	26,456,454	38,548,135
Restricted for:			
Depreciation.....	-	1,181,286	1,181,286
Permanent funds:			
Expendable.....	670,128	-	670,128
Nonexpendable.....	500,061	-	500,061
Other purposes.....	3,994,259	-	3,994,259
Unrestricted.....	(17,708,053)	9,846,832	(7,861,221)
TOTAL NET POSITION.....	\$ (451,924)	\$ 37,484,572	\$ 37,032,648

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government.....	\$ 2,064,524	\$ 509,584	\$ 117,878	\$ (1,437,062)
Public safety.....	4,040,404	495,126	36,427	(3,508,851)
Education.....	19,206,419	421,103	6,933,017	(11,852,299)
Public works.....	2,343,835	189,153	771,306	(1,383,376)
Human services.....	460,225	60,823	-	(399,402)
Culture and recreation.....	660,425	50,078	82,234	(528,113)
Capital outlay.....	223,660	-	-	(223,660)
Interest.....	81,499	-	-	(81,499)
Total Governmental Activities.....	29,080,991	1,725,867	7,940,862	(19,414,262)
Business-Type Activities:				
Sewer.....	2,310,777	1,508,686	-	(802,091)
Electric light.....	7,376,099	8,077,017	-	700,918
Total Business-Type Activities.....	9,686,876	9,585,703	-	(101,173)
Total Primary Government.....	\$ 38,767,867	\$ 11,311,570	\$ 7,940,862	(19,515,435)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (19,414,262)	\$ (101,173)	\$ (19,515,435)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	15,726,488	-	15,726,488
Tax liens.....	9,638	-	9,638
Motor vehicle and other excise taxes.....	1,053,888	-	1,053,888
Penalties and interest on taxes.....	55,749	-	55,749
Payments in lieu of taxes.....	670,855	-	670,855
Grants and contributions not restricted to specific programs.....	1,244,679	-	1,244,679
Unrestricted investment income.....	10,971	68,297	79,268
Miscellaneous.....	26,371	-	26,371
Total general revenues.....	18,798,639	68,297	18,866,936
Change in net position.....	(615,623)	(32,876)	(648,499)
<i>Net Position:</i>			
Beginning of year (as restated).....	163,699	37,517,448	37,681,147
End of year.....	\$ (451,924)	\$ 37,484,572	\$ 37,032,648

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2016

	General	Town Hall Acquisition/ Renovation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents.....	\$ 3,953,679	\$ 769,150	\$ 4,129,688	\$ 8,852,517
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	253,813	-	2,993	256,806
Tax liens.....	63,439	-	-	63,439
Motor vehicle and other excise taxes.....	113,649	-	-	113,649
Departmental and other.....	-	-	443,152	443,152
Intergovernmental.....	103,361	-	880,841	984,202
Due from other funds.....	-	-	7,955	7,955
Other assets.....	1,230	-	-	1,230
TOTAL ASSETS.....	\$ 4,489,171	\$ 769,150	\$ 5,464,629	\$ 10,722,950
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 218,789	\$ 13,325	\$ 234,496	\$ 466,610
Accrued payroll.....	211,226	-	31,294	242,520
Payroll withholdings.....	214,846	-	-	214,846
Abandoned property.....	24,023	-	-	24,023
Other liabilities.....	484	-	-	484
Due to other funds.....	7,955	-	-	7,955
Notes payable.....	-	2,540,250	-	2,540,250
TOTAL LIABILITIES.....	677,323	2,553,575	265,790	3,496,688
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues.....	430,900	-	446,145	877,045
FUND BALANCES:				
Nonspendable.....	-	-	500,061	500,061
Restricted.....	-	-	4,496,440	4,496,440
Committed.....	978,155	-	-	978,155
Assigned.....	63,772	-	-	63,772
Unassigned.....	2,339,021	(1,784,425)	(243,807)	310,789
TOTAL FUND BALANCES.....	3,380,948	(1,784,425)	4,752,694	6,349,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 4,489,171	\$ 769,150	\$ 5,464,629	\$ 10,722,950

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....	\$ 6,349,217
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	18,599,206
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable revenues.....	877,045
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.....	291,208
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(1,269,214)
Capital lease obligations.....	(2,828,881)
Other postemployment benefits.....	(10,533,342)
Net pension liability.....	(11,861,163)
Compensated absences.....	(76,000)
Net effect of reporting long-term liabilities.....	(26,568,600)
Net position of governmental activities.....	\$ (451,924)

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	General	Town Hall Acquisition/ Renovation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 15,737,196	\$ -	\$ -	\$ 15,737,196
Tax liens.....	14,033	-	-	14,033
Motor vehicle and other excise taxes.....	1,037,021	-	-	1,037,021
Hotel/motel tax.....	189,718	-	-	189,718
Charges for services.....	208,555	-	-	208,555
Penalties and interest on taxes.....	55,749	-	-	55,749
Fees and rentals.....	-	-	-	-
Payments in lieu of taxes.....	670,855	-	-	670,855
Licenses and permits.....	170,603	-	-	170,603
Fines and forfeitures.....	32,099	-	-	32,099
Intergovernmental.....	6,467,877	-	2,571,995	9,039,872
Lease income.....	-	-	-	-
Departmental and other.....	-	-	977,435	977,435
Special assessments.....	-	-	193,297	193,297
Community preservation tax surcharges.....	-	-	-	-
Contributions.....	-	-	146,720	146,720
Investment income.....	11,037	-	(66)	10,971
Miscellaneous.....	14,861	-	12,576	27,437
TOTAL REVENUES.....	24,609,604	-	3,901,957	28,511,561
EXPENDITURES:				
Current:				
General government.....	1,122,261	-	200,964	1,323,225
Public safety.....	2,496,299	-	34,339	2,530,638
Education.....	11,036,108	-	1,865,692	12,901,800
Public works.....	1,934,428	-	931,664	2,866,092
Human services.....	229,183	-	82,506	311,689
Culture and recreation.....	414,047	-	104,674	518,721
Pension benefits.....	2,692,064	-	-	2,692,064
Employee benefits.....	3,276,070	-	1,614	3,277,684
State and county charges.....	601,834	-	-	601,834
Capital outlay.....	203,749	19,911	-	223,660
Debt service:				
Principal.....	995,301	-	-	995,301
Interest.....	81,499	-	-	81,499
TOTAL EXPENDITURES.....	25,082,843	19,911	3,221,453	28,324,207
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(473,239)	(19,911)	680,504	187,354
OTHER FINANCING SOURCES (USES):				
Transfers in.....	444,350	134,750	25,244	604,344
Transfers out.....	(159,994)	-	(444,350)	(604,344)
TOTAL OTHER FINANCING SOURCES (USES).....	284,356	134,750	(419,106)	-
NET CHANGE IN FUND BALANCES.....	(188,883)	114,839	261,398	187,354
FUND BALANCES AT BEGINNING OF YEAR.....	3,569,831	(1,899,264)	4,491,296	6,161,863
FUND BALANCES AT END OF YEAR.....	\$ 3,380,948	\$ (1,784,425)	\$ 4,752,694	\$ 6,349,217

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, 2016

Net change in fund balances - total governmental funds.....	\$	187,354
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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.....	1,293,711	
Depreciation expense.....	<u>(1,143,819)</u>	
Net effect of reporting capital assets.....		149,892

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..... (46,193)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Capital lease principal payments.....	122,206	
Debt service principal payments.....	<u>995,301</u>	
Net effect of reporting long-term debt.....		1,117,507

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 accrual.....	61,000	
Net change in deferred outflow/(inflow) of resources related to pensions.....	291,206	
Net change in net pension liability.....	(1,064,202)	
Net change in other postemployment benefits.....	<u>(1,312,187)</u>	
Net effect of recording long-term liabilities.....		<u>(2,024,183)</u>

Change in net position of governmental activities.....	\$	<u><u>(615,623)</u></u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Enterprise	Electric Light December 31, 2015	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 4,181,516	\$ 4,217,195	\$ 8,398,711
Receivables, net of allowance for uncollectibles:			
Tax liens and foreclosures.....	18,767	-	18,767
User fees.....	271,114	-	271,114
Special assessments.....	539,913	-	539,913
Electric light fees.....	-	145,554	145,554
Departmental and other.....	-	382,981	382,981
Interest receivable.....	-	6,085	6,085
Unbilled revenue.....	-	584,608	584,608
Inventory.....	-	285,091	285,091
Prepaid expenses.....	-	42,380	42,380
Prepaid purchase power.....	-	113,772	113,772
Purchased power advanced deposits.....	-	957,500	957,500
Total current assets.....	5,011,310	6,735,166	11,746,476
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	2,724,523	-	2,724,523
Customer deposits.....	-	139,342	139,342
Depreciation fund.....	-	1,181,286	1,181,286
Investments.....	-	2,798	2,798
Rate stabilization fund.....	-	3,319,889	3,319,889
Capital assets, nondepreciable.....	-	697,922	697,922
Capital assets, net of accumulated depreciation.....	29,135,083	5,644,858	34,779,941
Total noncurrent assets.....	31,859,606	10,986,095	42,845,701
TOTAL ASSETS.....	36,870,916	17,721,261	54,592,177
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	4,062	174,943	179,005
LIABILITIES			
CURRENT:			
Warrants payable.....	28,125	650,534	678,659
Accrued liabilities.....	113,781	150,049	263,830
Accrued payroll.....	2,949	-	2,949
Bonds payable.....	300,592	205,572	506,164
Total current liabilities.....	445,447	1,006,155	1,451,602
NONCURRENT:			
Customer deposits payable.....	-	139,342	139,342
Other postemployment benefits.....	59,211	117,854	177,065
Net pension liability.....	47,035	2,380,599	2,427,634
Bonds payable.....	5,650,691	2,166,632	7,817,323
Total noncurrent liabilities.....	5,756,937	4,804,427	10,561,364
TOTAL LIABILITIES.....	6,202,384	5,810,582	12,012,966
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions.....	2,907	-	2,907
Purchased power adjustment.....	-	1,410,079	1,410,079
Reserve for rate stabilization.....	-	3,860,658	3,860,658
Total deferred inflows of resources.....	2,907	5,270,737	5,273,644
NET POSITION			
Net investment in capital assets.....	23,183,800	3,970,576	27,154,376
Restricted for:			
Depreciation.....	-	1,181,286	1,181,286
Unrestricted.....	7,485,887	1,663,023	9,148,910
TOTAL NET POSITION.....	\$ 30,669,687	\$ 6,814,885	\$ 37,484,572

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Enterprise	Electric Light December 31, 2015	Total
OPERATING REVENUES:			
Charges for services.....	\$ 1,272,153	\$ 8,077,017	\$ 9,349,170
OPERATING EXPENSES:			
Cost of services and administration.....	1,271,882	6,922,239	8,194,121
Depreciation.....	719,401	404,200	1,123,601
TOTAL OPERATING EXPENSES.....	1,991,283	7,326,439	9,317,722
OPERATING INCOME (LOSS).....	(719,130)	750,578	31,448
NONOPERATING REVENUES (EXPENSES):			
Investment income.....	12,600	55,697	68,297
Interest expense.....	(319,494)	(51,558)	(371,052)
Amortization of bond premium.....	-	1,898	1,898
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(306,894)	6,037	(300,857)
INCOME (LOSS) CAPITAL CONTRIBUTION.....	(1,026,024)	756,615	(269,409)
Capital contributions.....	236,533	-	236,533
CHANGE IN NET POSITION.....	(789,491)	756,615	(32,876)
NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	31,459,178	6,058,270	37,517,448
NET POSITION AT END OF YEAR.....	\$ 30,669,687	\$ 6,814,885	\$ 37,484,572

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Sewer	Electric Light December 31, 2015	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from customers and users.....	\$ 1,687,358	\$ 8,214,703	\$ 9,902,061
Payments to vendors.....	(1,110,164)	(6,610,999)	(7,721,163)
Payments to employees.....	(67,246)	(780,072)	(847,318)
NET CASH FROM OPERATING ACTIVITIES.....	509,948	823,632	1,333,580
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Interest expense.....	-	(272)	(272)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets.....	-	(525,600)	(525,600)
Principal payments on bonds and notes.....	(289,923)	(272,337)	(562,260)
Intergovernmental revenue.....	236,533		236,533
Interest expense.....	(319,494)	-	(319,494)
Capital lease down payment.....	-	(60,362)	(60,362)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(372,884)	(858,299)	(1,231,183)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Net transfer to operations.....	-	(336,549)	(336,549)
Purchase of investments.....	-	(947,000)	(947,000)
Proceeds from sales and maturities of investments.....	-	700,000	700,000
Investment income.....	12,600	16,444	29,044
NET CASH FROM INVESTING ACTIVITIES.....	12,600	(567,105)	(554,505)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	149,664	(602,044)	(452,380)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,031,852	2,711,581	6,743,433
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,181,516	\$ 2,109,537	\$ 6,291,053
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>			
<u>FROM OPERATING ACTIVITIES:</u>			
Operating income (loss).....	\$ (719,130)	\$ 750,578	\$ 31,448
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation.....	719,401	404,200	1,123,601
Deferred outflows/inflows related to pensions.....	(1,155)	(16,845)	(18,000)
Rate stabilization reserve.....	-	27,890	27,890
Changes in assets and liabilities:			
User fees.....	16,646	(127,046)	(110,400)
Unbilled revenues.....	-	102,695	102,695
Betterment receivables.....	398,559	-	398,559
Inventory.....	-	(26,960)	(26,960)
Prepaid expenses.....	-	(14,633)	(14,633)
Purchased power advance deposits.....	-	(52,617)	(52,617)
Warrants payable.....	19,175	13,141	32,316
Accrued liabilities.....	13,110	112,292	125,402
Miscellaneous deferred liabilities.....	-	(441,784)	(441,784)
Customer deposits.....	-	621	621
Net Pension Liability.....	4,131	56,316	60,447
Other postemployment benefits.....	59,211	35,784	94,995
Total adjustments.....	1,229,078	73,054	1,302,132
NET CASH FROM OPERATING ACTIVITIES.....	\$ 509,948	\$ 823,632	\$ 1,333,580

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Electric OPEB Trust Fund (as of December 31, 2015)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 619,712	\$ 176,488	\$ 107,788
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	-	-	34,245
TOTAL ASSETS.....	619,712	176,488	142,033
LIABILITIES			
Warrants payable.....	-	-	1,908
Liabilities due depositors.....	-	-	140,125
TOTAL LIABILITIES.....	-	-	142,033
NET POSITION			
Held in trust for other postemployment benefits.....	619,712	-	-
Held in trust for and other purposes.....	-	176,488	-
TOTAL NET POSITION.....	\$ 619,712	176,488	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Electric OPEB Trust Fund (as of December 31, 2015)	Private Purpose Trust Funds
<u>ADDITIONS:</u>		
Contributions:		
Private donations.....	\$ -	\$ 1,000
Net investment income (loss):		
Net change in fair value of investments.....	(7,132)	-
Interest.....	-	576
Total investment income (loss).....	(7,132)	576
TOTAL ADDITIONS.....	(7,132)	1,576
<u>DEDUCTIONS:</u>		
Educational scholarships.....	-	18,517
CHANGE IN NET POSITION.....	(7,132)	(16,941)
NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	626,844	193,429
NET POSITION AT END OF YEAR.....	\$ 619,712	\$ 176,488

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected five member Board of Selectmen and an appointed Town Administrator.

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. There are no component units that meet the requirements for inclusion in the Town's basic financial statements.

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 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 fund 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.

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, 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 *town hall acquisition/renovation fund* is used to account for the construction of the Town Hall.

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 Funds).

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

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

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

The *sewer enterprise fund* is a major proprietary fund and was established by the Town to account for the operating cost of the sewer activities, such as personnel, maintenance and repairs. Sewer rates are set to cover these operating expenses. All related debt activity is accounted for as a governmental activity because revenues are raised in those funds to pay for debt service expenses.

The *electric light fund* is a major proprietary fund and is used to account for the operations of the West Boylston Municipal Light Plant (WBMLP).

Fiduciary 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. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

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

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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Fair Value Measurements.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements, proprietary fund financial statements, 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 Assessor's 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 annually on delinquent properties and are recorded as receivables in the year they are processed.

A statewide property tax limitation known as "Proposition 2 ½ " limits the amount of the increase in the property tax levy in any given year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assets value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

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 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.

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

Sewer User Fees

User fees are levied on usage data received and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed once a year and are included as a lien on the property owner's tax bill. Sewer charges and related liens are recorded as receivables in the year of the levy.

Since these receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of public buildings and other receivables and are recorded as receivables in the year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments consist of sewer betterments levied on properties that have benefited by the construction of the Town's sewer project. The sewer betterment assessment is a one-time tax that can be paid in one lump sum or apportioned up to a maximum of twenty (20) years and is primarily designed to pay back all or a portion of the debt service associated with the sewer project.

Intergovernmental – Federal and State

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 uncollectibles.

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

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

H. Capital Assets***Government-Wide Financial Statements***

Capital assets, which include land, buildings and improvements, machinery, equipment and furnishings, vehicles, 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.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of five years or greater.

Capital assets (excluding land and construction in progress) 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 Lives (in years)</u>
Buildings and improvements.....	10-40
Machinery, equipment and furnishings.....	5-15
Vehicles.....	5-15
Infrastructure.....	20-50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial 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 reported deferred outflows related to pensions in this category.

In addition to liabilities, the statement of financial 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 reported deferred inflows related to pensions, purchase powers adjustment and reserve for rate stabilization 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 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. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. 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 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.

K. 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 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.

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 the amounts restricted for street improvements.

“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.

“Other purposes” represents restrictions placed on assets from 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 Town meeting vote, commit fund balance. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purposes or a vote is taken to rescind the commitment.

“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.

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. 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.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Worcester Regional Retirement System (WRRS) and the Massachusetts Teachers Retirement System (MTRS) and additions to/deductions from the System's 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.

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 of the Sewer Enterprise Fund is retained within that 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. 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 (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. The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

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. The Town has a policy to limit custodial credit risk of deposits. At year-end, the carrying amount of deposits totaled \$11,317,668 and the bank balance totaled \$13,149,679. Of the bank balance, \$1,250,000 was covered by Federal Depository Insurance, \$4,527,346 was covered by the Depositors Insurance Fund, and \$7,372,333 was collateralized, leaving no funds exposed to custodial credit risk because it was uninsured and uncollateralized.

Fair Market Value of Investments

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

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

As of June 30, 2016, the Town had the following investments:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other investments:				
Repurchase agreements.....	\$ 4,023,967	\$ 4,023,967	\$ -	\$ -
Money market mutual funds.....	1,971,753	1,971,753	-	-
Total other investments.....	5,995,720	\$ 5,995,720	\$ -	\$ -
Investments measured at amortized costs:				
MMDT.....	222,116			
Total investments.....	\$ 6,217,836			

MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 2 months. The Town's investment in MMDT is unrated.

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 the outside party. The Town has a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town has a policy for interest rate risk.

Credit Risk

This is the risk of loss due to the failure of a security issuer or issuer. The Town does not have a policy relating to credit risk.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer except for bank deposits of any kind as other checking, savings, or money market accounts, or certificates of deposit, certificate of deposit account registry services (CDARS), or repurchase agreements which are limited to no more than 5% of the financial institution's assets.

NOTE 3 – RECEIVABLES

At June 30, 2016, receivables for the individual major and nonmajor governmental funds in the aggregate, 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...	\$ 256,806	\$ -	\$ 256,806
Tax liens.....	63,439	-	63,439
Motor vehicle and other excise taxes.....	113,649	-	113,649
Departmental and other.....	443,152	-	443,152
Intergovernmental.....	984,202	-	984,202
Total.....	<u>\$ 1,861,248</u>	<u>\$ -</u>	<u>\$ 1,861,248</u>

At June 30, 2016, receivables for enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Sewer:</u>			
Sewer liens.....	\$ 18,767	\$ -	\$ 18,767
Sewer user fees.....	271,114	-	271,114
Special assessments.....	3,264,436	-	3,264,436
	<u>\$ 3,554,317</u>	<u>\$ -</u>	<u>\$ 3,554,317</u>
	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Electric Light:</u>			
Light fees.....	\$ 145,554	\$ -	\$ 145,554
Departmental and other.....	382,981	-	382,981
Interest.....	6,085	-	6,085
Unbilled revenue.....	584,608	-	584,608
	<u>\$ 1,119,228</u>	<u>\$ -</u>	<u>\$ 1,119,228</u>

Governmental funds report *unavailable revenue* 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 *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
Real estate and personal property taxes.....	\$ 253,812	\$ -	\$ 253,812
Tax liens.....	63,439	-	63,439
Motor vehicle and other excise taxes.....	113,649	-	113,649
Departmental and other.....	-	441,135	441,135
Intergovernmental.....	-	5,010	5,010
	<u>\$ 430,900</u>	<u>\$ 446,145</u>	<u>\$ 877,045</u>

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,615,978	\$ -	\$ -	\$ 1,615,978
Construction in progress.....	24,021	-	(24,021)	-
Total capital assets not being depreciated.....	<u>1,639,999</u>	<u>-</u>	<u>(24,021)</u>	<u>1,615,978</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	21,962,119	101,743	-	22,063,862
Machinery, equipment and furnishings.....	8,865,035	501,770	-	9,366,805
Infrastructure.....	24,964,221	690,198	-	25,654,419
Total capital assets being depreciated.....	<u>55,791,375</u>	<u>1,293,711</u>	<u>-</u>	<u>57,085,086</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(9,607,037)	(608,718)	-	(10,215,755)
Machinery, equipment and furnishings.....	(6,601,786)	(432,140)	-	(7,033,926)
Infrastructure.....	(22,749,216)	(102,961)	-	(22,852,177)
Total accumulated depreciation.....	<u>(38,958,039)</u>	<u>(1,143,819)</u>	<u>-</u>	<u>(40,101,858)</u>
Total capital assets being depreciated, net.....	<u>16,833,336</u>	<u>149,892</u>	<u>-</u>	<u>16,983,228</u>
Total governmental activities capital assets, net.....	<u>\$ 18,473,335</u>	<u>\$ 149,892</u>	<u>\$ (24,021)</u>	<u>\$ 18,599,206</u>

Business-Type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 7,634,035	\$ -	\$ -	\$ 7,634,035
Machinery, equipment and furnishings.....	1,076,831	-	-	1,076,831
Infrastructure.....	30,301,881	-	-	30,301,881
Total capital assets being depreciated.....	39,012,747	-	-	39,012,747
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(619,614)	(252,306)	-	(871,920)
Machinery, equipment and furnishings.....	(3,471,080)	(76,461)	-	(3,547,541)
Infrastructure.....	(5,067,569)	(390,634)	-	(5,458,203)
Total accumulated depreciation.....	(9,158,263)	(719,401)	-	(9,877,664)
Total sewer activities capital assets, net.....	\$ 29,854,484	\$ (719,401)	\$ -	\$ 29,135,083

	Beginning Balance	Increases	Decreases	Ending Balance
Municipal Light Plant				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 666,428	\$ -	\$ -	\$ 666,428
Construction in progress.....	-	31,494	-	31,494
Total capital assets not being depreciated.....	666,428	31,494	-	697,922
<u>Capital assets being depreciated:</u>				
Distribution plant.....	8,534,120	484,310	(7,818)	9,010,612
General plant.....	2,481,700	9,796	-	2,491,496
Generation plant.....	1,869,639	-	-	1,869,639
Total capital assets being depreciated.....	12,885,459	494,106	(7,818)	13,371,747
<u>Less accumulated depreciation for:</u>				
Distribution plant.....	(5,349,912)	(254,966)	7,818	(5,597,060)
General plant.....	(1,670,147)	(74,450)	-	(1,744,597)
Generation plant.....	(310,448)	(74,784)	-	(385,232)
Total accumulated depreciation.....	(7,330,507)	(404,200)	7,818	(7,726,889)
Total capital assets being depreciated, net.....	5,554,952	89,906	-	5,644,858
Total municipal light activities capital assets, net.....	\$ 6,221,380	\$ 121,400	\$ -	\$ 6,342,780

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

Governmental Activities:

General government.....	\$ 268,703
Public safety.....	166,367
Education.....	352,782
Public works.....	203,078
Human services.....	113,275
Culture and recreation.....	39,614

Total depreciation expense - governmental activities..... \$ 1,143,819

Business-Type Activities:

Sewer.....	\$	719,401
Electric Light.....		<u>404,200</u>
Total depreciation expense - business-type activities.....	\$	<u><u>1,123,601</u></u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Operating Transfers Out:	Operating Transfers In				Total
	General Fund	Town Hall Acquisition/Renovation	Nonmajor Governmental Funds		
General Fund.....	\$ -	\$ 134,750	\$ 25,244	\$	159,994 (1)
Nonmajor Governmental Funds.....	<u>444,350</u>	<u>-</u>	<u>-</u>		<u>444,350 (2)</u>
	<u>\$ 444,350</u>	<u>\$ 134,750</u>	<u>\$ 25,244</u>	<u>\$</u>	<u>604,344</u>

1) Represents transfers from the general fund to fund the Town Hall renovation.

2) Represents budgeted transfer revolving funds.

NOTE 6 – 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.

Details related to the Town's short-term debt activity are shown below.

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
BAN	Bond Anticipation Note.....	1.00	11/21/2015	\$ 1,900,000	\$ -	\$ (1,900,000)	\$ -
BAN	Bond Anticipation Note.....	0.60	11/18/2016	-	1,765,250	-	1,765,250
BAN	Bond Anticipation Note.....	0.74	11/18/2016	-	775,000	-	775,000
Total Governmental.....				<u>\$ 1,900,000</u>	<u>\$ 2,540,250</u>	<u>\$ (1,900,000)</u>	<u>\$ 2,540,250</u>

NOTE 7 – 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, 2016, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Bond (School Bldg).....	2015	\$ 5,500,000	6.7%-5.5%	\$ 230,000	\$ -	\$ 230,000	\$ -
USDA (Library Bldg).....	2030	1,359,030	4.75%	679,515	-	45,301	634,214
Bond (School Roof).....	2017	1,900,000	4.0%-3.75%	270,000	-	135,000	135,000
Bond (School Bldg) REFUNDED FY 13.....	2017	1,498,750	2.0%-0.35%	605,000	-	420,000	185,000
Bond (Drain&Paving) REFUNDED FY 13.....	2018	811,250	2.0%-0.35%	480,000	-	165,000	315,000
Total Governmental Bonds Payable.....				\$ 2,264,515	\$ -	\$ 995,301	\$ 1,269,214

Bonds Payable Schedule – Sewer

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MWPAT (00-1021) Series 7.....	2021	\$ 498,089	5.25%-3.0%	\$ 166,448	\$ -	\$ 27,647	\$ 138,801
MWPAT (00-44-A) Pool 8.....	2033	2,792,759	5.0%-3.0%	2,085,000	-	85,000	2,000,000
MWPAT (CW-00-44).....	2031	439,465	5.125%-3.0%	307,279	-	14,728	292,551
MWPAT (Series 9).....	2034	4,183,613	5.5%-2.3%	3,310,000	-	125,000	3,185,000
MWPAT Pool 10 Title V.....	2025	671,778	5.25%-5.0%	372,479	-	37,548	334,931
Total Sewer Bonds Payable.....				\$ 6,241,206	\$ -	\$ 289,923	\$ 5,951,283

Bonds Payable Schedule – Municipal Light Plant

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Clean Renewable Energy Bond.....	2026	\$ 1,167,367	2.0%	\$ 892,692	\$ -	\$ 137,337	\$ 755,355
Temple Street Substation.....	2027	2,000,000	1.0% - 2.0%	1,730,000	-	135,000	1,595,000
Total bonds payable.....				2,622,692	-	272,337	2,350,355
Unamortized premium on bonds.....				23,747		1,898	21,849
Total Municipal Light Bonds Payable.....				\$ 2,646,439	\$ -	\$ 274,235	\$ 2,372,204

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

Governmental

Year	Principal	Interest	Total
2017.....	\$ 525,301	\$ 39,376	\$ 564,677
2018.....	200,301	29,522	229,823
2019.....	45,301	25,822	71,123
2020.....	45,301	23,668	68,969
2021.....	45,301	21,518	66,819
2022.....	45,301	19,766	65,067
2023.....	45,301	17,214	62,515
2024.....	45,301	15,062	60,363
2025.....	45,301	12,910	58,211
2026.....	45,301	10,758	56,059
2027.....	45,301	8,608	53,909
2028.....	45,301	6,456	51,757
2029.....	45,301	4,304	49,605
2030.....	45,301	-	45,301
Total.....	\$ 1,269,214	\$ 234,984	\$ 1,504,198

Sewer

Year	Principal	Interest	Total
2017.....	\$ 300,592	\$ 284,891	\$ 585,483
2018.....	306,262	269,377	575,639
2019.....	316,262	259,150	575,412
2020.....	321,931	236,831	558,762
2021.....	328,167	220,127	548,294
2022.....	315,623	204,127	519,750
2023.....	326,293	189,002	515,295
2024.....	330,460	171,800	502,260
2025.....	341,133	151,028	492,161
2026.....	315,753	138,281	454,034
2027.....	331,423	121,411	452,834
2028.....	342,092	104,258	446,350
2029.....	352,761	86,413	439,174
2030.....	368,431	67,850	436,281
2031.....	374,100	48,923	423,023
2032.....	365,000	29,117	394,117
2033.....	380,000	11,919	391,919
2034.....	235,000	-	235,000
Total.....	\$ 5,951,283	\$ 2,594,505	\$ 8,545,788

Municipal Light

Year	Principal	Interest	Total
2016.....	\$ 203,669	\$ 47,209	\$ 250,878
2017.....	203,669	43,074	246,743
2018.....	203,669	38,982	242,651
2019.....	203,669	34,890	238,559
2020.....	203,669	30,824	234,493
2021-2025.....	1,008,343	78,410	1,086,753
2026-2027.....	323,667	6,541	330,208
Total.....	<u>\$ 2,350,355</u>	<u>\$ 279,930</u>	<u>\$ 2,630,285</u>

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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
New Town Hall.....	\$ 1,765,250
Police Station.....	5,186,460
Total.....	<u>\$ 6,951,710</u>

Changes in Long-term Liabilities

As of June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion
Governmental Activities:					
Long-Term Bonds.....	\$ 2,264,515	\$ -	\$ (995,301)	\$ 1,269,214	\$ 525,301
Capital Lease Obligations.....	2,951,087	-	(122,206)	2,828,881	130,820
Compensated Absences.....	137,000	-	(61,000)	76,000	19,000
Other Postemployment Benefits.....	9,221,155	1,312,187	-	10,533,342	-
Net Pension Liability.....	10,818,676	1,042,487	-	11,861,163	-
Total governmental activity long-term liabilities.....	<u>\$ 25,392,433</u>	<u>\$ 2,354,674</u>	<u>\$ (1,178,507)</u>	<u>\$ 26,568,600</u>	<u>\$ 675,121</u>
Business-Type Activities:					
Long-Term Bonds.....	\$ 8,863,898	\$ -	\$ (562,260)	\$ 8,301,638	\$ 504,261
Unamortized premium on bonds.....	23,747	-	(1,898)	21,849	1,903
Total.....	8,887,645	-	(564,158)	8,323,487	506,164
Other Postemployment Benefits.....	82,070	94,995	-	177,065	-
Net Pension Liability.....	2,324,283	103,351	-	2,427,634	-
Total business-type activity long-term liabilities.....	<u>\$ 11,293,998</u>	<u>\$ 198,346</u>	<u>\$ (564,158)</u>	<u>\$ 10,928,186</u>	<u>\$ 506,164</u>

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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.

As of June 30, 2016, the governmental fund balances consisted of the following:

	General	Town Hall Acquisition/ Renovation	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Permanent fund principal..... \$	- \$	- \$	500,061 \$	500,061
Restricted for:				
Community preservation.....	-	-	983,795	983,795
Town grants.....	-	-	53,636	53,636
School grant.....	-	-	24,131	24,131
School lunch.....	-	-	76,552	76,552
Receipts reserved.....	-	-	623,172	623,172
Town revolving.....	-	-	279,693	279,693
School revolving.....	-	-	1,273,022	1,273,022
Septic repair.....	-	-	114,116	114,116
Town other.....	-	-	248,965	248,965
Capital projects.....	-	-	34,391	34,391
Expendable trust funds.....	-	-	546,250	546,250
Affordable housing trust.....	-	-	43,436	43,436
Unemployment trust.....	-	-	80,442	80,442
Committed to:				
General government.....	98,933	-	-	98,933
Public safety.....	130,000	-	-	130,000
Education.....	63,000	-	-	63,000
Public works.....	43,289	-	-	43,289
Culture and recreation.....	103,900	-	-	103,900
Capital.....	539,033	-	-	539,033
Assigned to:				
General government.....	6,603	-	-	6,603
Public safety.....	13,790	-	-	13,790
Education.....	34,100	-	-	34,100
Public works.....	8,989	-	-	8,989
Human services.....	226	-	-	226
Employee benefits.....	64	-	-	64
Unassigned.....	2,339,021	(1,784,425)	(128,968)	425,628
TOTAL FUND BALANCES..... \$	3,380,948	(1,784,425)	4,752,694	6,349,217

NOTE 9 – STABILIZATION

At June 30, 2016, \$1,151,972 and \$ 548,551 has been set aside in a general stabilization fund and capital investment fund, respectively, and is reported as unassigned fund balance in the general fund. These funds can be used for general and/or capital purposes upon Town Meeting approval.

NOTE 10 – RISK FINANCING AND MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in a premium-based health care plan for its active employees.

The WBMLP participates in the Massachusetts Municipal Self-Insurance Trust (Trust) with 17 other municipalities for the purpose of sharing excess liability and officer's liability risks. Each participating municipality contributes an annual premium to the Trust based on frequency and severity of claims and share of group's total kilowatt-hour sales. Payments for claims are funded by Trust assets or, if required, additional contributions from the participants. Generally accepted accounting principles require that liabilities for self-insured claims be reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2015, the WBMLP considers its pro rata share of these losses to be immaterial to the financial statements.

NOTE 11 – PENSION PLAN*Plan Descriptions*

The Town is a member of the Worcester Regional Retirement System (WRRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 76 member units. The WRRS 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 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, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$1,766,819 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$21,783,289 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 System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. 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.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System 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 WRRS 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, 2015 was \$928,228, 17.51% 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, 2016, the Town reported a liability of \$14,645,921 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the Town's proportion was 2.063%, which changed from its proportion measured at December 31, 2014 of 2.246%.

Pension Expense

For the year ended June 30, 2016, the Town recognized a pension expense of \$1,885,890. At June 30, 2016, the Town reported deferred outflows of resources related to pensions of \$1,203,255 and deferred inflows of resources of \$735,949, from assumption changes, the net difference between projected and actual investment

earnings on pension plan investments and a change in allocation proportion. The Town's net deferred outflows of resources related to pensions that will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017.....	\$ 108,021
2018.....	108,021
2019.....	108,021
2020.....	107,304
2021.....	<u>35,939</u>
Total.....	<u>\$ 467,306</u>

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

Valuation date.....	January 1, 2014
Actuarial cost method.....	Entry Age Normal
Amortization method.....	<p><i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4% to reduce the UAAL to zero on or before June 30, 2035.</p> <p><i>Early Retirement Incentive Programs (ERI) for 2002 and 2003:</i> Increasing dollar amount at 4.5% to reduce the UAAL attributable to ERI to zero on or before June 30, 2028.</p> <p><i>Early Retirement Incentive Program (ERI) for 2010:</i> Level dollar amount to reduce the UAAL attributable to ERI to zero on or before June 30, 2022.</p>
Remaining amortization period.....	21 years remaining as of July 1, 2014
Asset valuation method.....	<p>The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of:</p> <ul style="list-style-type: none"> 80% of gains and losses of the prior year 60% of gains and losses of the second prior year 40% of gains and losses of the third prior year and 20% of gains and losses of the fourth prior year <p>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.</p>
Projected salary increases.....	The assumed annual rates for salary increases including longevity are are 3% per year.

Cost of living adjustments.....	3% of the pension amount, capped at \$480 per year.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For General Employees, 55% of disabilities are accidental and 45% are ordinary. For Police and Fire, 90% of disabilities are accidental and 10% are ordinary.
Mortality Rates.....	RP-2000 Mortality Table Projected to 2014 with Scale AA. RP-2000 Mortality Table set forward two years for disabled members. <i>General Employees:</i> 55% of deaths are job-related <i>Police and Fire:</i> 90% of deaths are job-related
Investment rate of return.....	7.75%

Investment policy - The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving 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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity.....	40.0%	8.02%
Fixed income.....	23.0%	5.09%
Private equity.....	10.0%	9.50%
Real estate.....	10.0%	6.50%
Timber/Natural resources.....	40.0%	6.88%
Hedge funds.....	10.0%	7.00%
Timber/Natural resources.....	40.0%	7.07%
Hedge funds.....	9.0%	6.50%
Other.....	4.0%	6.18%

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.05%. 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 7.75%. 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 rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

December 31, 2015 Measurement Date				
	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)	
The Town's proportionate share of the net pension liability.....	\$ 17,630,763	\$ 14,645,921	\$ 12,106,631	

December 31, 2014 Measurement Date				
	1% Decrease (7.0%)	Current Discount (8.0%)	1% Increase (9.0%)	
Municipal Light Plant's proportionate share of the net pension liability.....	\$ 2,898,480	\$ 2,380,599	\$ 1,940,838	

The Town's proportionate share of the net pension liability of \$14,645,921 includes \$2,737,723 for the West Boylston Electric Light Department that will be recorded in their December 31, 2016, financial statements.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers 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.

At June 30, 2016, the Plan's membership consisted of the following:

	<u>Town</u>	<u>MLP</u>	<u>Total</u>
Current retirees, beneficiaries, and dependents.....	150	9	159
Current active members.....	<u>179</u>	<u>15</u>	<u>194</u>
Total.....	<u>329</u>	<u>24</u>	<u>353</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 60 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 40 percent of their premium costs. During 2016, the Town contributed approximately \$842,000 to the plan and the WBMLP contributed approximately \$93,000.

Annual OPEB Cost and Net OPEB Obligation – The Town's annual other postemployment benefit (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.....	\$ 2,271,692
Interest on net OPEB obligation.....	397,301
Adjustments to annual required contribution.....	<u>(326,720)</u>
Annual OPEB cost (expense).....	2,342,273
Contributions made.....	<u>(935,091)</u>
Increase in net OPEB obligation.....	1,407,182
Net OPEB obligation - beginning of year.....	<u>9,303,225</u>
Net OPEB obligation - end of year.....	<u>\$ 10,710,407</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 2,342,273	39.9%	\$ 10,710,407
6/30/2015	2,421,980	43.1%	9,339,008
6/30/2014	2,317,200	65.8%	7,960,845

Funded Status and Funding Progress – As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$32.1 million, of which \$29.8 million related to the Town and \$2.2 million related to the Municipal Light Plant. At June 30, 2016 the WBMLP had assets of \$640,000 for this obligation.

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 multi-year 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 June 30, 2016, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend rate of 5.5% which decreases by .50% until 2019. The UAAL is being amortized over using a 30 year closed basis with amortization payments increasing at 3.0% per year.

NOTE 13 – COMMITMENTS

The Town is currently committed to the construction of a new police station. The Town has authorized a borrowing totaling \$5.2 million for the project.

NOTE 14 – CONTINGENCIES

The District participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

The WBMLP is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the siting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the WBMLP's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

NOTE 15 – MASSACHUSETTS MUNICIPAL LIGHT

The WBMLP is a participant in certain projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should any Project Participant fail to make any payment when due, other Project Participants of the Project may be required to increase (step-up) their payments and correspondingly their Participants' share of Project Capability to an additional amount not to exceed 25% of their original Participants' share of the Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under PSAs.

The WBMLP has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both these agreements, the WBMLP is required to make certain payments to MMWEC. The payments required to be made to MMWEC and the PSAs and the PPAs are payable solely from WMGLD revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

NOTE 16 – INVESTMENT IN ASSOCIATED COMPANIESMassachusetts Municipal Light Department Solar energy Cooperative Corporation

The WBMLP is a member of the Massachusetts Municipal Light Department Solar energy Cooperative Corporation (Cooperative).

The Cooperative is organized under Chapter 14: Section 47C of the Massachusetts General Laws and constitutes a municipal lighting department cooperative. The Cooperative was formed by the MMWEC and the WBMLP for the purpose of financing, owning, constructing and operating solar generation facilities located in the Town of West Boylston.

The powers of the Cooperative are exercised by the Board of Directors who have the right to conduct business and carry on operations. The Board of Directors is comprised of one director who represents MMWEC and two or more Directors who represent the WBMLP.

The Cooperative is a self-sustaining 369.6 kilowatt solar photovoltaic energy project comprised of 1,760 solar panels installed at the intersection of Paul X Tivnan Road and Shrewsbury Street in West Boylston, Massachusetts.

The cooperative entered into a 20 year lease agreement on June 29, 2010 with the WBMLP. Under the lease agreement, the Cooperative may finance, purchase, acquire, own, hold, install and maintain, or cause to be installed and maintained, a ground-mounted photovoltaic installation for the production of solar energy on the

West Boylston facilities. This lease agreement requires lease payments of \$1 each month for the term of the lease.

The Berkshire Wind Cooperative Corporation

The WBMLP is a member of the Berkshire Wind Cooperative Corporation (Berkshire Cooperative).

The Berkshire Cooperative is organized under Chapters 157 and 164: Section 47C of the Massachusetts General Laws and constitutes a municipal lighting department cooperative. The Berkshire Cooperative was formed by the Massachusetts Municipal Wholesale Electric Cooperative (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Berkshire Cooperative has constructed and installed 10 1.5-megawatt wind turbines at the Berkshire Wind Facility. The Berkshire Cooperative provides wind energy to MMWEC pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Berkshire Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Berkshire Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Berkshire Cooperative at the Berkshire Wind Facility.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the Berkshire Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Berkshire Cooperative Member to pay its pro rata share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Berkshire Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Berkshire Cooperative Member fail to make any payment when due, other Berkshire Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Berkshire Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Berkshire Cooperative's cost of owning and operating the Berkshire Wind Facility.

The WBMLP has entered into a PPA with the Berkshire Cooperative. Under the PPA, the WMGLD is required to make certain payments to the Berkshire Cooperative. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Cooperative, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility. In addition, under the PPA, the WMGLD is required to pay to the Berkshire Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

As of December 31, 2015, total capital expenditures for the Berkshire Wind Facility amounted to \$59,081,577, of which \$3,176,000, represents the amount associated with the WBMLP share of the Capability of the Berkshire Wind Facility of which it is a Member, although such amount is not allocated to the WMGLD. The Berkshire Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$55,420,000, of which \$2,979,000 is associated with the WBMLP share of Capability of the Berkshire Wind Facility of which it is Member, although such amount is not allocated to the WMGLD. As of December 31, 2015, the Berkshire Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$80,988,000 which \$4,353,000 is anticipated to be billed to the WBMLP in the future.

The estimated aggregate amount of the WBMLP required payments under the PSA, exclusive of the Reserve and Contingency Fund billings, to the Berkshire Cooperative at December 31, 2015 and estimated for future years is shown below.

<u>For the years ended December 31,</u>	<u>Annual Costs</u>
2016.....	\$ 290,000
2017.....	290,000
2018.....	290,000
2019.....	290,000
2020.....	290,000
2021 to 2025.....	1,452,000
2026 to 2030.....	<u>1,451,000</u>
Total.....	<u>\$ 4,353,000</u>

NOTE 16 – SUBSEQUENT EVENTS

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- GASB 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*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.

- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

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

FINANCIAL STATEMENT REVISION/RESTATEMENT

The governmental activities, municipal light and sewer enterprise funds revised/restated its beginning net position through the implementation of GASB Statements #68 and #71 related to accounting for pensions and to properly report unbilled revenue. The cumulative effect of this revision was to increase governmental activities by \$1,507,099, reduce the municipal light by \$2,245,234 and reduce the sewer enterprise fund by \$139,761.

Additionally, the private purpose trust funds have been restated to properly reports scholarships previously reported as special revenue funds by \$190,089.

Required Supplementary Information

General Fund Budgetary Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 15,689,280	\$ 15,689,280	\$ 15,822,910
Tax liens.....	-	-	-	-
Motor vehicle excise taxes.....	-	985,000	985,000	985,000
Hotel/motel/meals tax.....	-	175,000	175,000	175,000
Charges for services.....	-	176,000	176,000	193,210
Penalties and interest on taxes.....	-	58,000	58,000	40,790
Payments in lieu of taxes.....	-	665,000	665,000	665,000
Licenses and permits.....	-	190,000	190,000	190,000
Fines and forfeitures.....	-	21,000	21,000	21,000
Intergovernmental - federal and state.....	-	4,570,444	4,570,444	4,570,444
Investment income.....	-	4,000	4,000	4,000
Miscellaneous.....	-	-	-	-
TOTAL REVENUES.....	-	22,533,724	22,533,724	22,667,354
EXPENDITURES:				
Current:				
General government.....	142,183	1,177,197	1,319,380	1,340,617
Public safety.....	148,051	2,431,713	2,579,764	2,653,762
Education.....	114,361	11,028,000	11,142,361	11,223,236
Public works.....	357,001	1,370,209	1,727,210	2,067,711
Human services.....	-	233,699	233,699	244,699
Culture and recreation.....	31,507	377,979	409,486	513,986
Pension benefits.....	-	925,246	925,246	925,246
Employee benefits.....	1,695	3,534,350	3,536,045	3,297,794
State and county charges.....	-	591,745	591,745	591,745
Capital outlay - ESCO Lease.....	-	203,749	203,749	203,749
Debt service:				
Principal.....	-	995,301	995,301	1,130,051
Interest.....	-	82,500	82,500	82,500
TOTAL EXPENDITURES.....	794,798	22,951,688	23,746,486	24,275,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(794,798)	(417,964)	(1,212,762)	(1,607,742)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	426,000	426,000	644,850
Transfers out.....	-	(324,750)	(324,750)	(397,037)
TOTAL OTHER FINANCING SOURCES (USES).....	-	101,250	101,250	247,813
NET CHANGE IN FUND BALANCE.....	(794,798)	(316,714)	(1,111,512)	(1,359,929)
BUDGETARY FUND BALANCE, Beginning of year.....	1,925,484	1,925,484	1,925,484	1,925,484
BUDGETARY FUND BALANCE, End of year.....	\$ 1,130,686	\$ 1,608,770	\$ 813,972	\$ 565,555

See notes to required supplementary information.

	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
\$	15,737,196	\$ -	\$ (85,714)
	14,033	-	14,033
	1,037,021	-	52,021
	189,718	-	14,718
	208,555	-	15,345
	55,749	-	14,959
	670,855	-	5,855
	170,603	-	(19,397)
	32,099	-	11,099
	4,701,058	-	130,614
	6,166	-	2,166
	14,861	-	14,861
	<u>22,837,914</u>	<u>-</u>	<u>170,560</u>
	1,113,791	105,536	121,290
	2,496,299	143,790	13,673
	11,036,108	97,100	90,028
	1,934,428	52,278	81,005
	229,183	226	15,290
	414,047	103,900	(3,961)
	925,245	-	1
	3,276,070	64	21,660
	601,834	-	(10,089)
	203,749	-	-
	995,301	-	134,750
	81,499	-	1,001
	<u>23,307,554</u>	<u>502,894</u>	<u>464,648</u>
	<u>(469,640)</u>	<u>(502,894)</u>	<u>635,208</u>
	644,850	-	-
	<u>(411,799)</u>	<u>-</u>	<u>(14,762)</u>
	<u>233,051</u>	<u>-</u>	<u>(14,762)</u>
	(236,589)	(502,894)	620,446
	<u>1,925,484</u>	<u>-</u>	<u>-</u>
\$	<u>1,688,895</u>	<u>(502,894)</u>	<u>620,446</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 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
WORCESTER REGIONAL RETIREMENT SYSTEM**

	December 31, 2015	December 31, 2014
Town's proportion of the net pension liability (asset).....	2.06%	2.25%
Town's proportionate share of the net pension liability (asset)..... \$	14,645,921	\$ 13,366,720
Town's covered employee payroll..... \$	5,301,789	\$ 5,097,874
Net pension liability as a percentage of covered-employee payroll.....	276.24%	262.20%
Plan fiduciary net position as a percentage of the total pension liability.....	44.52%	47.90%

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 CONTRIBUTIONS

	December 31, 2015	December 31, 2014
Actuarially determined contribution (a)..... \$	928,227	\$ 887,697
Contributions in relation to the actuarially determined contribution.....	928,227	887,697
Contribution deficiency (excess)..... \$	-	\$ -
Covered-employee payroll..... \$	5,301,789	\$ 5,097,874
Contributions as a percentage of covered- employee payroll.....	17.51%	17.41%

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>Fiscal 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>
2016.....	\$	21,783,289	\$ 1,766,819	55.38%
2015.....		16,638,669	1,155,968	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 Benefit 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 presents multi-year trend information for required and actual contributions relating to the plan.

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2016

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)	
6/30/2016	\$ -	\$ 29,826,778	\$ 29,826,778	0.0%	\$ 11,119,776	268.2%	
6/30/2014	-	29,102,591	29,102,591	0.0%	10,384,279	280.3%	
6/30/2012	-	27,026,511	27,026,511	0.0%	11,210,658	241.1%	
12/31/2009	-	25,754,328	25,754,328	0.0%	N/A	N/A	

Schedule of Employer Contributions				
Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed	
6/30/2016	\$ 2,213,344	\$ 841,946	38.0%	
6/30/2015	2,293,051	950,671	41.5%	
6/30/2014	2,191,354	808,609	36.9%	
6/30/2013	2,231,205	856,783	38.4%	

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

YEAR ENDED JUNE 30, 2016

Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 3.0%
Remaining amortization period.....	30 years open

Actuarial Assumptions:

Investment rate of return.....	4.00%
Medical/drug cost trend rate.....	5.5% decreasing to 4.5% by 2019

Plan Membership:

Current retirees and beneficiaries.....	194
Current active members.....	<u>159</u>
Total.....	<u><u>353</u></u>

See notes to required supplementary information.

NOTE A – BUDGETARY BASIS OF ACCOUNTING**1. Budgetary Information**

Municipal Law requires the adoption of a balanced budget for the general fund that is approved by Town Meeting. The Town Administrator and the Finance Committee present an annual budget to the Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The 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 and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

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 majority vote at Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2016 approved budget authorized \$23.3 million in appropriations and other amounts to be raised and \$795,000 in encumbrances and continuing appropriations carried over from previous years. Supplemental appropriations of \$601,000 were approved during 2016.

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

2. 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, 2016, is presented below:

Excess (deficiency) of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$	(236,589)
<u>Perspective difference:</u>		
Stabilization Fund recorded in the General Fund for GAAP.....		56,176
<u>Basis of accounting differences:</u>		
Net change in recording expenses.....		(8,470)
Recognition of revenue for on-behalf payments.....		1,766,819
Recognition of expenditures for on-behalf payments.....		<u>(1,766,819)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis.....	\$	<u>(188,883)</u>

3. Appropriation Deficit

An appropriation deficit existed in state and county charges at year end.

NOTE B – PENSION PLAN

A. Schedule of the Town'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.

Changes in Assumptions – The long-term rate of investment return was changed decreased from 8% to 7.75%.

Changes in Plan Provisions - None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town of West Boylston administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers. The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go. 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 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.