

TOWN OF WEST BROOKFIELD, MASSACHUSETTS

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

FISCAL YEAR ENDED JUNE 30, 2013

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of West Brookfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Brookfield, Massachusetts, as of and for the year ended June 30, 2013, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Brookfield, Massachusetts, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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


Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 25, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of West Brookfield, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets exceeded its liabilities by \$12,263,653 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$12,133,120 or an increase of \$130,533 (1%).
- At the close of the current fiscal year, the Town's total governmental funds reported total ending fund balance of \$5,515,633 this year, a decrease of \$1,088,498 (16%).
- The General Fund's total fund balance decreased \$1,710,774 (33%) to \$3,487,777. The ending General fund balance is 56% of revenues and transfers in and 44% of expenditures and transfers out.
- Total liabilities of the Town increased to \$1,074,913 during the fiscal year. This was mainly attributed to net increases in compensated absences of \$34,998 and in Other Post Employment Benefits (OPEB) of \$64,784, and a decrease in bonds payable of \$3,575.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$439,003. The key factors that attributed to the free cash amount for fiscal year 2013 are, approximately, as follows:
 - Unexpended/unencumbered appropriations \$ 167,600.
 - Excess over budget – state and local receipts \$ 152,100.

Overview of the Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to

recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, water, education, health and human services, culture and recreation, employee benefits and insurance, interest, and state assessments. The Town does not have any functions classified as business-type activities.

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

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

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

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

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

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

Financial Highlights
Statement of Net Position Highlights

	Governmental Activities 2013
Assets:	
Current assets	\$ 6,526,308
Capital assets	6,812,258
Total assets	13,338,566
Liabilities:	
Current liabilities (excluding debt)	240,123
Current debt	3,575
Noncurrent liabilities (excluding debt)	702,515
Noncurrent debt	128,700
Total liabilities	1,074,913
Net Position:	
Net investment in capital assets	6,679,983
Restricted	1,457,535
Unrestricted	4,126,135
Total net position	\$ 12,263,653

Financial Highlights
Statement of Activities Highlights

	Governmental Activities 2013
Program Revenues:	
Charges for services	\$ 660,021
Operating grants and contributions	665,498
Capital grants and contributions	235,506
General Revenues:	
Property taxes	4,458,337
Motor vehicle and other taxes	440,690
Penalties and interest on taxes	67,905
Nonrestricted grants	492,184
Unrestricted investment income	140,602
Miscellaneous	526
Total revenues	7,161,269
Expenses:	
General Government	676,729
Public Safety	807,460
Public Works	990,705
Water	326,949
Education	3,027,767
Health and Human Services	205,745
Culture and Recreation	362,565
Employee Benefits and Insurance	599,904
State Assessments	30,687
Interest	4,525
Total expenses	7,033,036
Contributions to Permanent Funds	2,300
Change in net position	130,533
Net position - beginning of year	12,133,120
Net position - end of year	\$ 12,263,653

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$12,263,653 at the close of fiscal year 2013.

Net position of \$6,679,983 (54%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$1,457,535 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$4,126,135 (34%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The governmental activities net position increased by \$130,533 (1%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2013 were an increase in the OPEB liability of \$64,784 and the retirement of loans and bonds for (\$3,575).

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$5,515,633 a decrease of \$1,088,498 (16%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Nonspendable fund balance - \$284,531 (5%).
- Restricted fund balance - \$1,020,947 (19%).
- Committed fund balance - \$722,378 (13%).
- Assigned fund balance - \$1,178,846 (21%).
- Unassigned fund balance – \$2,308,931 (42%).

At the end of the fiscal year, the *General Fund* reported a fund balance of \$3,487,777 decreasing \$1,710,774 (33%) from the prior year. Of the \$3,487,777, the unassigned amount is \$2,308,931 (66%) and the assigned amount is \$1,178,846 (34%). General fund revenues were \$6,182,198 and expenditures were \$6,030,160. Other activity in the General fund was net transfers to other governmental funds of \$1,862,812.

The *Water Fund* is the financing and operations of the Town's water system. The water fund shows an increase of \$77,944 (53%) in total operations. This change resulted from revenues exceeding expenditures.

The *Well no. 2 Leland Road Fund* is a capital project fund used to account for financial resources used for the acquisition or construction of major facilities. At June 30, 2013, the fund has a balance of \$494,475; restricted for the ongoing capital needs of the project. The balance of the Well no. 2 Leland Road Fund increased of \$460,164 over the prior year. This change is the main result of expenditures incurred of \$1,174,836 and a transfer in from the general fund for \$1,635,000.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2013 was \$6,757,041.

There was an increase of \$342,001 between the total original budget and the total final amended budget. The change is attributed to adjustments voted at the special town meeting in October 2012 for various budget operating line items.

General fund expenditures were less than budgeted by \$751,035. Of the \$751,035 in under budget expenditures, \$583,468 has been carried over to fiscal year 2014.

There is a negative variance in property taxes of \$57,900 as a result of lower collections.

A negative variance exists in State assessments of \$8,923. The actual expenses exceeded the budget in State assessments mainly as a result of higher than anticipated assessments for school choice and lower than anticipated assessments for Registry of Motor Vehicles non-renewal surcharges.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$6,812,258.

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

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

- Fire engine #1 improvements for \$40,000.
- Fire Department tanker truck for \$118,143.
- Road infrastructure improvements for \$210,555.
- Library window replacements for \$13,640.
- Rice fountain restoration for \$90,395.
- Water plant roof for \$15,800.
- Leland Road Wellfield & Treatment facility improvements for \$1,174,836.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2013, totaled \$132,275 for a water pipe replacement.

Please refer to notes 3C and 3E for further discussion of the major capital assets and debt activity.

Next Year's Annual Town Meeting

The Town of West Brookfield operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2013 do not reflect the fiscal year 2014 Town Meeting action. The Annual Town Meeting on May 14, 2013 authorized a fiscal year 2014 operating and capital budget as follows:

From the tax levy		\$ 6,222,185
From other available funds:		
General Fund:		
Unassigned fund balance:		
Appropriations	\$ 85,000	
Fy2013 Federal Emergency Management receipts in the general fund	41,708	
Overlay surplus	20,400	
General purpose stabilization fund	165,000	
Fire truck stabilization	8,050	
Water stabilization	134,220	454,378
Non-major Governmental Funds:		
Chapter 90 receipts	226,000	
Curb cut escrow	20,000	246,000
		\$ 6,922,563

Requests for Information

This financial report is designed to provide a general overview of the Town of West Brookfield's finances for all those with an interest in the government's finances. Questions concerning any of the information

provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 2 East Main Street, West Brookfield, Massachusetts.

BASIC FINANCIAL STATEMENTS

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Primary Government
	Governmental
	Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 2,117,467
Investments	3,481,684
Receivables, net of allowance for uncollectibles:	
Property Taxes	260,869
Tax Liens	307,214
Excise Taxes	111,276
User Charges	75,296
Departmental	13,762
Due from Other Governments	158,740
Total current assets	6,526,308
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Nondepreciable	2,041,254
Depreciable	4,771,004
Total noncurrent assets	6,812,258
Total Assets	13,338,566
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	123,244
Accrued Payroll	44,118
Payroll Withholdings	5,540
Tax Refund Payable	21,800
Accrued Interest	2,232
Compensated Absences	38,073
Bonds Payable	3,575
Total current liabilities	243,698
NONCURRENT:	
Compensated Absences	152,291
OPEB Obligation Payable	550,224
Bonds Payable	128,700
Total noncurrent liabilities	831,215
Total Liabilities	1,074,913
NET POSITION:	
Net Investment in Capital Assets	6,679,983
Restricted for:	
Federal & State Grants	327,530
Permanent Funds:	
Expendable	280,920
Nonexpendable	284,531
Other Purposes	564,554
Unrestricted	4,126,135
Total Net Position	\$ 12,263,653

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 676,729	\$ 55,947	\$ 42,462	\$ -	\$ (578,320)
Public Safety	807,460	205,789	7,665	-	(594,006)
Public Works	990,705	16,535	97,240	235,506	(641,424)
Water	326,949	364,988	-	-	38,039
Education	3,027,767	-	250,705	-	(2,777,062)
Health and Human Services	205,745	16,762	59,195	-	(129,788)
Culture and Recreation	362,565	-	205,632	-	(156,933)
Employee Benefits and Insurance	599,904	-	2,599	-	(597,305)
State Assessments	30,687	-	-	-	(30,687)
Interest	4,525	-	-	-	(4,525)
Total Governmental Activities	7,033,036	660,021	665,498	235,506	(5,472,011)
Total Primary Government	\$ 7,033,036	\$ 660,021	\$ 665,498	\$ 235,506	(5,472,011)
General Revenues:					
Property Taxes					4,458,337
Motor vehicle excise and other taxes					440,690
Penalties & Interest on Taxes					67,905
Grants & Contributions not restricted to specific programs					492,184
Unrestricted Investment Income					140,602
Miscellaneous					526
Contributions to Permanent Funds					2,300
Total General Revenues and Contributions					5,602,544
Change in Net Position					130,533
Net Position:					
Beginning of year					12,133,120
End of year					\$ 12,263,653

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Water Fund	Well No. 2		Nonmajor Governmental Funds	Total Governmental Funds
			Leland road Fund	Fund		
ASSETS						
Cash and Cash Equivalents	\$ 190,942	\$ 245,364	\$ 498,295	\$ 1,182,866	\$ 2,117,467	
Investments	3,295,751	-	-	185,933	3,481,684	
Receivables, net of allowance for uncollectibles:						
Property Taxes	260,869	-	-	-	260,869	
Tax Liens	307,214	-	-	-	307,214	
Excise Taxes	111,276	-	-	-	111,276	
User Charges	-	75,296	-	-	75,296	
Departmental	-	-	-	13,762	13,762	
Due from Other Governments	20,445	-	-	138,295	158,740	
Total Assets	\$ 4,186,497	\$ 320,660	\$ 498,295	\$ 1,520,856	\$ 6,526,308	

LIABILITIES AND FUND BALANCE:					
Liabilities:					
Warrants and Accounts Payable	\$ 43,538	\$ 18,827	\$ 3,820	\$ 57,059	\$ 123,244
Accrued Payroll	39,222	2,523	-	2,373	44,118
Payroll Withholdings	5,540	-	-	-	5,540
Tax Refund Payable	21,800	-	-	-	21,800
Other	5,116	-	-	-	5,116
Deferred Revenue:					
Property Taxes	144,569	-	-	-	144,569
Other	438,935	75,296	-	152,057	666,288
Total Liabilities	698,720	96,646	3,820	211,489	1,010,675

Fund Balance:					
Nonspendable	-	-	-	284,531	284,531
Restricted	-	-	-	1,020,947	1,020,947
Committed	-	224,014	494,475	3,889	722,378
Assigned	1,178,846	-	-	-	1,178,846
Unassigned	2,308,931	-	-	-	2,308,931
Total Fund Balance	3,487,777	224,014	494,475	1,309,367	5,515,633

Total Liabilities and Fund Balance	\$ 4,186,497	\$ 320,660	\$ 498,295	\$ 1,520,856	\$ 6,526,308
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The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Water Fund	Well No. 2		Nonmajor Governmental Funds	Total Governmental Funds
			Leland road Fund	Fund		
Revenues:						
Property Taxes	\$ 4,418,894	\$ -	\$ -	\$ -	\$ -	4,418,894
Intergovernmental	968,903	-	-	174,351	-	1,143,254
Excise and Other Taxes	400,841	-	-	-	-	400,841
Licenses, Permits, Fees	160,899	-	-	-	-	160,899
Charges for Services	-	367,897	-	172,729	-	540,626
Interest on Taxes	67,905	-	-	-	67,905	67,905
Investment Income	140,602	-	-	41,713	-	182,315
Gifts and Donations	-	-	-	91,533	-	91,533
Other	-	-	-	37,665	-	37,665
Intergovernmental - "On-behalf" Payments	24,154	-	-	-	-	24,154
Total Revenues	6,182,198	367,897	-	517,991	-	7,068,086
Expenditures:						
Current:						
General Government	563,321	-	-	51,762	-	615,083
Public Safety	723,312	-	-	154,807	-	878,119
Public Works	772,219	-	-	267,938	-	1,040,157
Water	-	281,793	1,174,836	-	-	1,456,629
Education	3,004,962	-	-	-	3,004,962	3,004,962
Health and Human Services	137,317	-	-	35,399	-	172,716
Culture and Recreation	263,222	-	-	151,729	-	414,951
Employee Benefits and Insurance	535,120	-	-	-	-	535,120
State Assessments	30,687	-	-	-	-	30,687
Debt Service:						
Principal	-	3,575	-	-	-	3,575
Interest	-	4,585	-	-	-	4,585
Total Expenditures	6,030,160	289,953	1,174,836	661,635	-	8,156,584
Excess of Revenues Over (Under) Expenditures	152,038	77,944	(1,174,836)	(143,644)	-	(1,088,498)
Other Financing Sources (Uses):						
Operating Transfers In	8,000	-	1,635,000	235,812	-	1,878,812
Operating Transfers Out	(1,870,812)	-	-	(8,000)	-	(1,878,812)
Total Other Financing Sources (Uses)	(1,862,812)	-	1,635,000	227,812	-	-
Net Change in Fund Balances	(1,710,774)	77,944	460,164	84,168	-	(1,088,498)
Fund Balances, Beginning of Year	5,198,551	146,070	34,311	1,225,199	-	6,604,131
Fund Balances, End of Year	\$ 3,487,777	\$ 224,014	\$ 494,475	\$ 1,309,367	\$ -	\$ 5,515,633

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2013

Total Governmental Fund Balances		\$	5,515,633
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			6,812,258
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			810,857
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:			
Bonds Payable	\$	(132,275)	
Other Post Employment Benefits Payable		(550,224)	
Compensated Absences		(190,364)	(872,863)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			(2,232)
Net Position of Governmental Activities		\$	12,263,653

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (1,088,498)

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

Capital Outlay Purchases	\$ 1,663,369	
Depreciation	<u>(443,674)</u>	1,219,695

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. 95,483

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

Repayment of Debt and Principal	3,575
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(34,998)	
Net Change in Other Post Employment Benefits	(64,784)	
Net Change in Accrued Interest on Long-Term Debt	<u>60</u>	<u>(99,722)</u>

Change in Net Position of Governmental Activities \$ 130,533

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis		
Revenues:					
Property Taxes	\$ 4,349,894	\$ 4,359,894	\$ 4,301,994	\$ -	\$ (57,900)
State Receipts	685,758	685,758	968,903	267,708	15,437
Excise and Other Taxes	341,500	341,500	400,841	-	59,341
Licenses, Permits, Fees	108,900	108,900	160,899	-	51,999
Interest on Taxes	42,000	42,000	67,905	-	25,905
Investment Income	7,000	7,000	7,120	-	120
Total Revenues	5,535,052	5,545,052	5,907,662	267,708	94,902
Expenditures:					
Current:					
General Government	609,310	679,160	563,321	72,299	43,540
Public Safety	761,093	761,093	723,312	16,025	21,756
Public Works	979,551	1,231,702	772,219	453,644	5,839
Education	3,052,413	3,052,413	2,980,808	40,000	31,605
Health and Human Services	158,548	158,548	137,317	-	21,231
Culture and Recreation	282,103	282,103	263,222	1,500	17,381
Employee Benefits and Insurance	550,258	570,258	535,120	-	35,138
State Assessments	21,764	21,764	30,687	-	(8,923)
Total Expenditures	6,415,040	6,757,041	6,006,006	583,468	167,567
Excess of Revenues Over (Under) Expenditures	(879,988)	(1,211,989)	(98,344)	851,176	262,469
Other Financing Sources (Uses):					
Operating Transfers In (Out)	258,150	338	338	-	-
Total Other Financing Sources (Uses)	258,150	338	338	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(621,838)	(1,211,651)	(98,006)	851,176	262,469
Budgetary Fund Balance - Beginning of Year	1,476,909	1,476,909	1,476,909	-	-
Budgetary Fund Balance - End of Year	\$ 855,071	\$ 265,258	\$ 1,378,903	\$ 851,176	\$ 262,469

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2013

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 5,907,662	\$ 6,006,006
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	133,482	-
Net Increase in Revenue from recording Refund Taxes Payable	11,300	-
Recognition of Intergovernmental Revenue - "on behalf payments"	24,154	-
Recognition of Expenditures - "on behalf payments"	-	24,154
Net Increase in Revenue from Recording 60-Day Receipts	105,600	-
Reported on a GAAP Basis	\$ 6,182,198	\$ 6,030,160

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2013**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 5,318
Total Assets	5,318
LIABILITIES	
Due to Others	3,818
Escrows and Deposits	1,500
Total Liabilities	5,318
NET POSITION:	
Held in Trust for Other Purposes	\$ -

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1848 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2013, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing boards of the West Brookfield Housing Authority and the Quaboag Regional School District. The West Brookfield Rescue Squad, Inc. is a non-profit organization that provides ambulance services to the Town. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board or servicing the Town. Audited financial statements are available from the respective organizations. A description of the related organizations are as follows:

West Brookfield Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate-income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

Quaboag Regional District School - A regional school district made up of two communities to serve and provide a learning experience. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects six district committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

West Brookfield Rescue Squad, Inc. - A non-profit corporation that provides ambulance services to the Town. The corporation is a separate entity. The corporation is responsible for both the operating and capital costs related to the ambulance and operates independently from the Town.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

Fund financial statements

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

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

Major Fund Criteria

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

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

and

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

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

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Fund Financial Statements

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

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

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

The Town reports the following major governmental funds:

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

The *water fund* is a special revenue fund used to account for the accumulation of resources to provide water services to the Town's citizens.

The *well no. 2 Leland Road fund* is a capital project fund used to account for the accumulation of resources used for the acquisition or construction of major facilities.

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

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

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

Additionally, the Town reports the following fund types:

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

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

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

D. Cash and Cash Equivalents

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

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

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

F. Receivables

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

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2012 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2013 on June 29, 2012 that were due on August 1, 2012 and November 1, 2012 and the actual tax bills were mailed on December 31, 2012 and March 29, 2013 were due on February 1, 2013 and May 1, 2013, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2013 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2013	\$ 4,462,254
Add: Debt Exclusion	<u>(24)</u>
	<u>\$ 4,462,230</u>

The total amount raised by taxation was \$4,458,964.

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

Excise Taxes

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

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

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

User Charges

User charges consist of water that is levied quarterly based on individual meter readings and usage and are subject to penalties and interest if they are not paid by the respective due date. Liens are processed each year and are included as a lien on the property owner's tax bill. Liens are recorded as receivables in the fiscal year of the levy.

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

Departmental

Departmental receivables consist of housing rehabilitation loans and septic repair loans that were given by the Town to individuals and businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Due from Other Governments

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

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

G. Capital Assets

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

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

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

<u>Capital Asset Type</u>	<u>Years</u>
Buildings and renovations	10-30
Machinery, equipment and other	3-15
Infrastructure	20-40

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

H. Interfund Transfers

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

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

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

I. Deferred Revenue

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

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

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

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

"Other purposes" represents restrictions placed on assets from outside parties.

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

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

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

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

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

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

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

K. Long-term Debt

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

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

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts up to a maximum of 120 days. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid.

N. Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

- Department heads prepare their budgets.
- Department heads who are elected submit their budgets to the advisory board. Non-elected department heads submit their budgets to the Board of Selectmen who then passes it on to the advisory board.
- Budgets are to be submitted by January 1st.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

- The advisory board and Board of Selectmen review the budgets and meet with the department heads.
- The advisory board submits the budget to Town meeting.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

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

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

For fiscal year 2013, the Town incurred a final budget deficit of \$1,211,651 for the General Fund.

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

Unreserved Fund Balance:	
Free cash	\$ 872,646
Overlay surplus	105,000
Prior year's deficits	(102,725)
Prior year's encumbrances	336,730
	\$ 1,211,651
	\$ 1,211,651

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2013 were \$2,214,612. Of these, \$386,832 were exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

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

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
U. S. treasury obligations	\$ 67,749	\$ -	\$ 67,749	\$ -	\$ -
U. S. government agencies	190,617	-	79,600	-	111,017
Corporate debt	441,792	103,538	246,609	91,645	-
Money market mutual fund	194,255	194,255	-	-	-
	<u>894,413</u>	<u>\$ 297,793</u>	<u>\$ 393,958</u>	<u>\$ 91,645</u>	<u>\$ 111,017</u>
Other Investments:					
Equity securities	630,800				
Certificates of deposit	1,282,396				
Mutual funds	100,140				
MMDT	574,034				
	<u>\$ 3,481,783</u>				

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$3,481,783 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

Credit Risk

The Town's exposure to credit risk as of June 30, 2013 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings					
		AAA	A1	A2	A3	Baa1	Not Rated
Debt Securities:							
U. S. treasury obligations	\$ 67,649	\$ 67,649	\$ -	\$ -	\$ -	\$ -	\$ -
U. S. government agencies	190,617	190,617	-	-	-	-	-
Corporate bonds	441,792	-	71,849	103,538	19,796	246,609	-
Money market mutual fund	194,255	-	-	-	-	-	194,255
	<u>\$ 894,313</u>	<u>\$ 258,266</u>	<u>\$ 71,849</u>	<u>\$ 103,538</u>	<u>\$ 19,796</u>	<u>\$ 246,609</u>	<u>\$ 194,255</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's total investments are in the Corporate Bonds (Goldman Sachs Group, Inc.) amounting to 6.23% of the Town's total investments.

B. Receivables

At June 30, 2013, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 290,869	\$ (30,000)	\$ 260,869
Tax liens	307,214	-	307,214
Excise taxes	172,151	(60,875)	111,276
User charges	75,796	(500)	75,296
Departmental	13,762	-	13,762
Due from other governments	158,740	-	158,740
	<u>\$ 1,018,532</u>	<u>\$ (91,375)</u>	<u>\$ 927,157</u>

The composition of amounts due from other governments as of June 30, 2013 for governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services

Veterans Benefits \$ 20,445

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Massachusetts Department of Transportation

Highway Department - Chapter 90 funds 138,295

\$ 158,740

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2013 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections. At the end of the current fiscal year, the deferred revenue for property taxes is \$144,569.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The various components of the other deferred revenue reported in the governmental funds are as follows:

General Fund:			
Tax liens	\$	307,214	
Excise taxes		111,276	
Due from other governments		20,445	\$ 438,935
Water Fund:			
User charges			75,296
Nonmajor Governmental Funds:			
Departmental		13,762	
Due from other governments		138,295	152,057
			\$ 666,288

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, is as follows

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 507,334	\$ -	\$ -	\$ 507,334
Construction in Progress	268,689	1,265,231	-	1,533,920
Total capital assets not being depreciated	776,023	1,265,231	-	2,041,254
Capital assets being depreciated:				
Buildings and Renovations	4,437,689	13,640	-	4,451,329
Machinery, equipment and other	2,322,374	158,143	-	2,480,517
Infrastructure	3,099,920	226,355	-	3,326,275
Total capital assets being depreciated	9,859,983	398,138	-	10,258,121
Less accumulated depreciation for:				
Buildings and Renovations	2,036,234	169,492	-	2,205,726
Machinery, equipment and other	1,790,910	152,065	-	1,942,975
Infrastructure	1,216,299	122,117	-	1,338,416
Total accumulated depreciation	5,043,443	443,674	-	5,487,117
Total capital assets being depreciated, net	4,816,540	(45,536)	-	4,771,004
Total governmental activities capital assets, net	\$ 5,592,563	\$ 1,219,695	\$ -	\$ 6,812,258

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Depreciation expense was charged to functions/programs of the governmental type activities as follows:

Governmental Activities:	
General government	\$ 52,894
Public safety	81,224
Public works	150,641
Education	22,805
Health and Human Services	31,154
Culture and recreation	48,482
Water	56,474
Total depreciation expense - governmental activities	<u>\$ 443,674</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2013, are summarized below:

Transfers Out:	Transfers In:			Total
	General Fund	Well No. 2 Leland Road Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 1,635,000	\$ 235,812	\$ 1,870,812
Nonmajor governmental funds	8,000	-	-	8,000
Total transfers out	<u>\$ 8,000</u>	<u>\$ 1,635,000</u>	<u>\$ 235,812</u>	<u>\$ 1,878,812</u>

E. Long Term Debt

General Obligation Bonds

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2013
Outside Debt Limit:					
Water pipe replacement	3.38%	12/22/2009	12/10/2049	\$ 143,000	<u>\$ 132,275</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Future Debt Service

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2013, are as follows:

Governmental Type Activities

Year	Principal	Interest	Total
2014	\$ 3,575	\$ 4,464	\$ 8,039
2015	3,575	4,343	7,918
2016	3,575	4,223	7,798
2017	3,575	4,102	7,677
2018	3,575	3,982	7,557
2019-2023	17,875	18,098	35,973
2024-2028	17,875	15,082	32,957
2029-2033	17,875	12,066	29,941
2034-2038	17,875	9,049	26,924
2039-2043	17,875	6,033	23,908
2044-2048	17,875	3,017	20,892
2049-2050	7,150	362	7,512
	<u>\$ 132,275</u>	<u>\$ 84,821</u>	<u>\$ 217,096</u>

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

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
Governmental Activities:					
Bond Payable:					
General obligation bonds:	\$ 135,850	\$ -	\$ 3,575	\$ 132,275	\$ 3,575
Compensated absences	155,366	34,998	-	190,364	38,073
OPEB obligation	485,440	64,784	-	550,224	-
Governmental Activities					
Long-term liabilities	<u>\$ 776,656</u>	<u>\$ 99,782</u>	<u>\$ 3,575</u>	<u>\$ 872,863</u>	<u>\$ 41,648</u>

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town does not have any inside debt at June 30, 2013.

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The following is a computation of the legal debt limit as of June 30, 2013:

Equalized Valuation-Real Estate and Personal Property (2012)		\$	363,571,800
			<u>18,178,590</u>
Debt Limit: 5 % of Equalized value		\$	18,178,590
Total Debt Outstanding	\$		132,275
Less: Debt Outside Debt Limit		<u>(132,275)</u>	<u>-</u>
Inside Debt Excess Borrowing Capacity at June 30, 2013		\$	<u>18,178,590</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town does not have loan authorizations at June 30, 2013.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

F. Fund Balances

The following is a summary of the Town's Governmental Fund fund balances at the year ended June 30, 2013:

	General Fund	Water Fund	Well No. 2 Leland Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent funds	\$ -	\$ -	\$ -	\$ 284,531	\$ 284,531
Restricted:					
Federal, state and local grants	-	-	-	189,235	189,235
Town revolving funds	-	-	-	20,239	20,239
Donations and gifts	-	-	-	194,367	194,367
Permanent funds	-	-	-	280,920	280,920
Other	-	-	-	336,186	336,186
	-	-	-	1,020,947	1,020,947
Committed:					
Major funds	-	224,014	494,475	-	718,489
Public works	-	-	-	3,889	3,889
	-	224,014	494,475	3,889	722,378
Assigned:					
General government	72,299	-	-	-	72,299
Public safety	16,025	-	-	-	16,025
Public works	453,644	-	-	-	453,644
Education	40,000	-	-	-	40,000
Culture and recreation	1,500	-	-	-	1,500
Subsequent year's budget	595,378	-	-	-	595,378
	1,178,846	-	-	-	1,178,846
Unassigned:					
General Fund	2,308,931	-	-	-	2,308,931
Total Governmental fund balances	\$ 3,487,777	\$ 224,014	\$ 494,475	\$ 1,309,367	\$ 5,515,633

G. Special Trust Funds

Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

At June 30, 2013 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 971,782
Fire Truck Stabilization	251,821
Water Stabilization	483,501
	<hr/>
	\$ 1,707,104
	<hr/>

4. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

C. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

The Town provides health insurance coverage for eligible retirees and their survivors in accordance with MGL Chapter 32, on a pay-as-you-go basis which covers both active and retired members.

Funding Policy

The contribution requirements of plan members and the Town are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2013 fiscal year, the Town provided required contributions of \$48,595 towards the annual OPEB cost, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses and reinsurance payments, and net of retiree contributions.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post employment 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Normal Cost	\$	68,582
Amortization of unfunded actuarial accrued liability		48,339
Annual required contribution		116,921
Interest on net OPEB obligation		16,990
Adjustment to annual required contribution		(20,532)
Annual OPEB cost (expense)		113,379
Contributions made during the fiscal year		48,595
Increase in net OPEB obligation		64,784
Net OPEB Obligation - beginning of year		485,440
Net OPEB Obligation - end of year	\$	550,224

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 205,159	22.54%	\$ 315,185
6/30/2012	\$ 207,357	20.10%	\$ 485,440
6/30/2013	\$ 113,379	42.86%	\$ 550,224

Funded Status and Funding Process

As of June 30, 2012, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$1,142,905, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,142,905. The covered payroll (annual payroll of active employees covered by the plan) was \$1,100,000, and the ratio of the UAAL to the covered payroll was 103.90%.

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 contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

**Schedule of Funding Progress
for the Retiree Health Plan**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2010	\$0	\$ 1,958,609	\$ 1,958,609	0%	\$ 751,784	260.53%
6/30/2012	\$0	\$ 1,142,905	\$ 1,142,905	0%	\$ 1,100,000	103.90%

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 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 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 following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 64, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the Life Expectancy Table from National Center for Health Statistics updated in 2008.

Turnover - The basis for assigning active members a probability of remaining employed until the assumed retirement age and entry age by age comes from the Table 1 in GASB 45.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums is as follows:

Year	
1	2%
2	2%
3	3%
4	3%
5	4%
6	4%
7-10	4%
11-21	4%
21 on	4%

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Health insurance premiums – 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The inflation assumption is 2 percent.

Payroll growth rate – The expected average salary increase is 2 percent.

The Town OPEB actuarial valuation as of June 30, 2012, used a simplified version of the entry age actuarial cost method with a discount rate of 3.5 percent. The OPEB liability is currently unfunded.

The unfunded actuarial accrued liability is being amortized over 30 years, with amortization payments increasing a 4.0% per year. The remaining amortization period at June 30, 2013 is 26 years.

D. Pension Plan

Plan Description

The Town, as a member of the Worcester Regional Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Worcester Regional Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$24,154 for the fiscal year ending June 30, 2013, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

The Town has approximately 30 employees in the retirement system.

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1987 must be approved by the Worcester Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 23 Midstate Drive, Suite 106, Auburn, Massachusetts.

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2013, 2012, and 2011 is shown below, which equaled its required contribution for each fiscal year.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Fiscal Year Ended June 30	Town's Contribution
2013	\$ 153,208
2012	\$ 149,985
2011	\$ 138,880

The last actuarial valuation was prepared by KMS Actuaries, L.L.C. as of January 1, 2012. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8% compounded annually, (b) projected salary, including longevity, increases of 3% per year per member.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2012 is as follows:

Actuarial Accrued Liability	\$ 982,796,782
Less: Assets	436,671,982
Unfunded Actuarial Liability	\$ 546,124,800

The Town's portion of such liability is approximately 0.45% or \$2,457,562.

The system's funding policy is governed by Section 22D (6) of Chapter 32 and Chapter 697 of the Acts of 1987 of the Massachusetts General Laws. Under these sections the system is a "funding system" and has established a state-approved funding schedule to eliminate its unfunded liability. The members of the system are required to fund each year the actuarially determined normal cost plus an amount to amortize the unfunded liability by June 30, 2029.

Reporting Policies

The funds of the Worcester Regional Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

SUPPLEMENTARY SCHEDULES

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	2,997	3,870	6,322	-	545
Council on Aging Grants	11,560	12,892	11,794	-	12,658
Conservation Grant	-	5,352	5,352	-	-
Emergency Preparedness Coalition Grant	71	500	-	-	571
Extended Polling Hours	603	1,131	1,331	-	403
Fountain Grant	-	100,000	90,396	-	9,604
Highway Grants	118,044	-	216,156	235,812	137,700
Library Grants	3,672	9,310	7,188	-	5,794
Public Safety Grants	17,265	5,725	10,316	-	12,674
Smart Growth Grant	4,558	-	-	-	4,558
Storm Water Grant	82	35,570	35,652	-	-
Other:					
Cable Access Grant	2,100	10,000	7,372	-	4,728
Cemetery Revolving	(1,916)	5,500	1,860	-	1,724
Conservation Funds	9,160	-	5,353	-	3,807
Curb Cut Escrow	49,533	3,929	-	-	53,462
Gifts and Donations	155,993	91,534	53,160	-	194,367
Housing and Septic Repair Loan Repayments	235,963	7,018	1,000	-	241,981
Insurance Proceeds	11,811	7,315	19,126	-	-
Planning Board Revolving	1,600	500	1,039	-	1,061
Police Off Duty Detail Revolving	370	151,060	142,967	-	8,463
Tax Possession Upkeep	-	500	-	-	500
Road Machinery Fund	8,064	3,826	-	(8,000)	3,890
Storm Water Revolving	169	5,721	1,206	-	4,684
Conservation Commission Trust	5,167	96	-	-	5,263
Self Insurance Trust	26,681	496	-	-	27,177
Unrealized Gain/Loss	-	8,304	-	-	8,304
Total Special Revenue	663,547	470,149	617,590	227,812	743,918
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds	172,041	2,300	-	-	174,341
Library Funds	8,286	-	-	-	8,286
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	48,405	-	-	-	48,405
Helen Paige Shackley Bandstand	12,495	-	-	-	12,495
Total Perpetual Permanent Funds Page 39	\$ 241,227	\$ 2,300	\$ -	\$ -	\$ 243,527

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Continued from Page 39:					
Helen B. Hawks/Stickney Fund	\$ 241,227	\$ 2,300	\$ -	\$ -	\$ 243,527
Margaret Preisach Magnante Fund	10,892	-	-	-	10,892
Other Trust Funds:	29,132	-	-	-	29,132
Col. Fairfax Ayers Monument Fund	980	-	-	-	980
Total Perpetual Permanent Funds	282,231	2,300	-	-	284,531
Permanent Funds:					
Cemetery Perpetual Care Funds	94,696	5,862	8,565	-	91,993
Library Funds	41,488	12,164	4,408	-	49,244
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	2,790	952	-	-	3,742
Helen Paige Shackley Bandstand	1,963	269	-	-	2,232
Helen B. Hawks/Stickney Fund	1,503	230	-	-	1,733
Margaret Preisach Magnante Fund	3,588	608	-	-	4,196
Priscilla E. Side Fund	9,072	168	-	-	9,240
Common Committee Fund	1,694	44	-	-	1,738
Other Trust Funds:					
Col. Fairfax Ayers Monument Fund	3,008	75	-	-	3,083
Historical Commission Fund	79,848	9,472	25,155	-	64,165
Lucy Stone Birthplace Fund	848	16	-	-	864
Recreation Committee Fund	8,139	1,159	-	-	9,298
Reynis Town Hall Interior Fund	30,784	572	5,917	-	25,439
Unrealized Gain/Loss	-	13,951	-	-	13,951
Total Permanent Funds	279,421	45,542	44,045	-	280,918
Total Non-Major Governmental Funds	\$ 1,225,199	\$ 517,991	\$ 661,635	\$ 227,812	\$ 1,309,367

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Real Estate Taxes:						
Levy of 2013	\$ -	\$ 4,363,732	\$ 38,961	\$ 4,122,765	\$ 202,006	\$ 202,006
Levy of 2012	125,478	-	43,843	39,973	41,662	41,662
Levy of 2011	50,357	-	36,996	4,604	8,757	8,757
Levy of 2010	20,181	-	16,862	2,061	1,258	1,258
Levy of 2009	26,487	-	26,174	313	-	-
Prior Years	1,208	-	2,898	4	(1,694)	(1,885)
	<u>223,711</u>	<u>4,363,732</u>	<u>165,734</u>	<u>4,169,720</u>	<u>251,989</u>	<u>251,798</u>

Personal Property Taxes:

Levy of 2013	\$ -	\$ 92,420	\$ 664	\$ 73,720	\$ 18,036	\$ 18,036
Levy of 2012	369	-	-	48	321	321
Levy of 2011	518	-	-	(10)	528	515
Levy of 2010	2,874	-	-	-	2,874	2,874
Levy of 2009	2,565	-	12,195	(12,147)	2,517	2,517
Prior Years	14,604	-	-	-	14,604	14,604
	<u>20,930</u>	<u>92,420</u>	<u>12,859</u>	<u>61,611</u>	<u>38,880</u>	<u>38,867</u>

Total Real Estate and

Personal Property Taxes	\$ 244,641	\$ 4,456,152	\$ 178,593	\$ 4,231,331	\$ 290,869	\$ 290,665
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**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Motor Vehicle Excise Taxes:						
Levy of 2013	\$ -	\$ 403,182	\$ 5,963	\$ 309,113	\$ 88,106	\$ 88,106
Levy of 2012	43,452	44,096	4,996	65,021	17,531	17,455
Levy of 2011	29,899	-	461	19,179	10,259	10,156
Levy of 2010	4,816	-	233	1,202	3,381	3,461
Levy of 2009	5,142	-	-	530	4,612	4,614
Prior Years	48,993	-	-	731	48,262	48,262
Total Motor Vehicle Excise Taxes	\$ 132,302	\$ 447,278	\$ 11,653	\$ 395,776	\$ 172,151	\$ 172,054

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
 SCHEDULE OF TAX LIENS
 JULY 1, 2012 TO JUNE 30, 2013

Uncollected Accounts July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2013	Uncollected Accounts Per Detail June 30, 2013
\$ 208,398	\$ 165,923	\$ -	\$ 67,107	\$ 307,214	\$ 307,516
Tax Liens					