

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2014

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of West Brookfield, Massachusetts, as of and for the year ended June 30, 2014, 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, 2014, 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 6 through 10 and the *Schedule of Funding Progress and Employer Contributions* on pages 43 and 44 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's basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

May 7, 2015

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, 2014. 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 \$12,518,664 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$12,263,653 or an increase of \$255,011 (2%).
- At the close of the current fiscal year, the Town's total governmental funds reported total ending fund balance of \$5,178,994 this year, a decrease of \$336,639 (6%).
- The General Fund's total fund balance decreased \$204,905 (6%) to \$3,282,872. The ending General fund balance is 51% of revenues and transfers in and 50% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$21,307 (2%) to \$1,053,606 during the fiscal year. This was mainly attributed to a net increase in the Other Post Employment Benefits (OPEB) of \$76,292 and net decreases in compensated absences of \$26,818 and in bonds payable of \$132,275.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$597,362. The key factors that attributed to the free cash amount for fiscal year 2014 are, approximately, as follows:
 - Unexpended/unencumbered appropriations \$ 184,050.
 - Excess over budget – state and local receipts \$ 338,500.

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		
	2014	2013	Change
Assets:			
Current assets	\$ 6,266,358	\$ 6,526,308	\$ (259,950)
Capital assets	7,305,912	6,812,258	493,654
Total assets	13,572,270	13,338,566	233,704
Liabilities:			
Current liabilities (excluding debt)	296,253	240,123	56,130
Current debt	-	3,575	(3,575)
Noncurrent liabilities (excluding debt)	757,347	702,515	54,832
Noncurrent debt	-	128,700	(128,700)
Total liabilities	1,053,600	1,074,913	(21,313)
Net Position:			
Net Investment in Capital Assets	7,305,912	6,679,983	625,929
Restricted	1,460,714	1,457,535	3,179
Unrestricted	3,752,038	4,126,135	(374,097)
Total net position	\$ 12,518,664	\$ 12,263,653	\$ 255,011

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2014	2013	Change
Program Revenues:			
Charges for services	\$ 624,237	\$ 660,021	\$ (35,784)
Operating grants and contributions	636,362	665,498	(29,136)
Capital grants and contributions	471,025	235,506	235,519
General Revenues:			
Property taxes	4,817,735	4,458,337	359,398
Motor vehicle and other taxes	456,286	440,690	15,596
Penalties and interest on taxes	57,606	67,905	(10,299)
Nonrestricted grants	505,936	492,184	13,752
Unrestricted investment income	92,147	140,602	(48,455)
Miscellaneous	60	526	(466)
Total revenues	7,661,394	7,161,269	500,125
Expenses:			
General government	680,272	676,729	3,543
Public safety	871,401	807,460	63,941
Public works	933,607	990,705	(57,098)
Water	415,761	326,949	88,812
Education	3,346,997	3,027,767	319,230
Health and human services	196,132	205,745	(9,613)
Culture and recreation	298,005	362,565	(64,560)
Employee benefits and insurance	635,893	599,904	35,989
State assessments	26,535	30,687	(4,152)
Interest	1,780	4,525	(2,745)
Total expenses	7,406,383	7,033,036	373,347
Net (expenses) revenues	255,011	128,233	126,778
Contributions to permanent funds	-	2,300	(2,300)
Change in net assets	255,011	130,533	126,778
Net assets - beginning of year	12,263,653	12,133,120	130,533
Net assets - end of year	\$ 12,518,664	\$ 12,263,653	\$ 255,011

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 \$12,518,664 at the close of fiscal year 2014.

Net position of \$7,305,912 (58%) 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, \$1,460,714 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$3,752,038 (30%) 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 \$255,011 (2%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2014 are attributed to an increase in the acquisition of \$962,259 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$468,605 and in the repayment of debt for \$132,275 and a decrease as a result of recognizing this year's OPEB obligation of \$76,292.

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, the general fund *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$5,178,994 a decrease of \$336,639 (6%) in comparison with the prior year.

The breakdown of the governmental fund balances is as follows:

- Nonspendable fund balance - \$284,531 (5%).
- Restricted fund balance - \$1,048,465 (20%).
- Committed fund balance - \$563,126 (11%).
- Assigned fund balance - \$761,039 (15%).
- Unassigned fund balance – \$2,521,833 (49%).

At the end of the fiscal year, the *General Fund* reported a fund balance of \$3,282,872 decreasing \$204,905 (6%) from the prior year. Of the \$3,282,872, the unassigned amount is \$2,521,833 (77%) and the assigned amount is \$761,039 (23%). General fund revenues were \$187,589 (3%) more than the prior fiscal year while expenditures also increased by \$430,312 (7%). Other activities in the General Fund were net transfers to other funds of \$114,220.

The *Water Fund* is the financing and operations of the Town's water system. The water fund shows has accumulated a balance of \$220,778 and shows a decrease of \$3,236 (1%) in total operations. This change resulted from expenditures exceeding revenues by \$137,456 and transfers from the general fund of \$134,220. Revenues decreased by \$12,003 (3%) while operating expenses increased by \$203,397 (70%) (mainly from the early payoff of debt) from the prior year.

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, 2014, the fund has a balance of \$332,959 committed for the ongoing capital needs of the project. The balance of the Well no. 2 Leland Road Fund decreased \$161,516 (33%) over the prior year. This change is the main result of expenditures incurred.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2014 was \$6,938,430. This was an increase of \$181,389 (3%) over the previous year's budget.

There was an increase of \$28,560 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 2013 for various budget operating line items.

General fund expenditures were less than budgeted by \$502,893. Of the \$502,893 in under budget expenditures, \$318,848 has been carried over to fiscal year 2015.

A negative variance exists in Public works of \$49,666. The actual expenses exceeded the budget mainly as a result of higher than anticipated expenses for winter snow activities.

The variance with the final budget was a positive \$746,865 consisting of a revenue surplus of \$562,820 and an appropriation surplus of \$184,045.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$7,305,912.

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:

- Foreclosure properties for \$34,035.
- Highway tractor for \$118,143.
- Road infrastructure improvements for \$347,657.
- Rice fountain restoration for \$71,738.
- Leland Road Wellfield & Treatment facility improvements for \$161,516.

Debt Administration. As of June 30, 2014, the Town does not have any outstanding governmental long-term debt.

Please refer to notes 3D and 3F 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, 2014 do not reflect the fiscal year 2015 Town Meeting action except for the free cash, unreserved fund balance, overlay and stabilization amounts. The Annual Town Meeting on May 13, 2014 authorized a fiscal year 2015 operating and capital budget as follows:

From the tax levy		\$ 6,426,962
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash	\$ 184,443	
Unreserved fund balance	26,556	
Overlay surplus	120,000	
General purpose stabilization fund	111,191	442,190
Water Fund:		
Retained earnings		56,865
		\$ 6,926,017

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, 2014**

	Primary Government Governmental Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 1,817,047
Investments	3,447,259
Receivables, net of allowance for uncollectibles:	
Property Taxes	293,120
Tax Liens	193,727
Excise Taxes	137,096
User Charges	67,237
Departmental	12,272
Due from Other Governments	298,600
Total current assets	6,266,358
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Nondepreciable	2,146,410
Depreciable	5,159,502
Total noncurrent assets	7,305,912
Total Assets	13,572,270
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	144,551
Accrued Payroll	39,875
Payroll Withholdings	6,865
Tax Refund Payable	64,200
Other	8,053
Compensated Absences	32,709
Total current liabilities	296,253
NONCURRENT:	
Compensated Absences	130,837
OPEB Obligation Payable	626,516
Total noncurrent liabilities	757,353
Total Liabilities	1,053,606
NET POSITION	
Net Investement in Capital Assets	7,305,912
Restricted for:	
Federal & State Grants	300,932
Permanent Funds:	
Expendable	336,469
Nonexpendable	284,531
Other Purposes	538,782
Unrestricted	3,752,038
Total Net Position	\$ 12,518,664

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, 2014**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 680,272	\$ 54,789	\$ 159,392	\$ -	\$ (466,091)
Public Safety	871,401	160,399	7,436	-	(703,566)
Public Works	933,607	42,441	35,203	471,025	(384,938)
Water	415,761	347,835	-	-	(67,926)
Education	3,346,997	-	256,036	-	(3,090,961)
Health and Human Services	196,132	18,773	50,320	-	(127,039)
Culture and Recreation	298,005	-	85,585	-	(212,420)
Employee Benefits and Insurance	635,893	-	42,390	-	(593,503)
State Assessments	26,535	-	-	-	(26,535)
Interest	1,780	-	-	-	(1,780)
Total Governmental Activities	7,406,383	624,237	636,362	471,025	(5,674,759)
Total Primary Government	\$ 7,406,383	\$ 624,237	\$ 636,362	\$ 471,025	(5,674,759)
General Revenues:					
Property Taxes					4,817,735
Motor vehicle excise and other taxes					456,286
Penalties & Interest on Taxes					57,606
Grants & Contributions not restricted to specific programs					505,936
Unrestricted Investment Income					92,147
Miscellaneous					60
Total General Revenues					5,929,770
					Change in Net Position
					255,011
					Net Position:
					Beginning of year
					12,263,653
					End of year
					\$ 12,518,664

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Water Fund	Well No. 2 Leland road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 962,219	\$ 230,768	\$ 332,959	\$ 291,101	\$ 1,817,047
Investments	2,543,290	-	-	903,969	3,447,259
Receivables, net of allowance for uncollectibles:					
Property Taxes	293,120	-	-	-	293,120
Tax Liens	193,727	-	-	-	193,727
Excise Taxes	137,096	-	-	-	137,096
User Charges	-	67,237	-	-	67,237
Departmental	-	-	-	12,272	12,272
Due from Other Governments	19,722	-	-	278,878	298,600
Total Assets	\$ 4,149,174	\$ 298,005	\$ 332,959	\$ 1,486,220	\$ 6,266,358
Liabilities:					
Warrants and Accounts Payable	\$ 122,565	\$ 6,883	\$ -	\$ 15,103	\$ 144,551
Accrued Payroll	35,754	3,107	-	1,014	39,875
Payroll Withholdings	6,865	-	-	-	6,865
Tax Refund Payable	64,200	-	-	-	64,200
Other	8,053	-	-	-	8,053
Total Liabilities	237,437	9,990	-	16,117	263,544
Deferred Inflows of Resources:					
Unavailable Revenue	628,865	67,237	-	127,718	823,820
Fund Balance:					
Nonspendable	-	-	-	284,531	284,531
Restricted	-	-	-	1,048,465	1,048,465
Committed	-	220,778	332,959	9,389	563,126
Assigned	761,039	-	-	-	761,039
Unassigned	2,521,833	-	-	-	2,521,833
Total Fund Balance	3,282,872	220,778	332,959	1,342,385	5,178,994
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,149,174	\$ 298,005	\$ 332,959	\$ 1,486,220	\$ 6,266,358

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, 2014**

	General Fund	Water Fund	Well No. 2 Leland road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 4,763,435	\$ -	\$ -	\$ -	\$ 4,763,435
Intergovernmental	787,408	-	-	523,660	1,311,068
Excise and Other Taxes	430,467	-	-	-	430,467
Licenses, Permits, Fees	213,789	-	-	-	213,789
Charges for Services	-	355,894	-	114,730	470,624
Interest on Taxes	57,606	-	-	-	57,606
Investment Income	92,147	-	-	66,450	158,597
Gifts and Donations	-	-	-	78,823	78,823
Other	-	-	-	105,052	105,052
Intergovernmental - "On-behalf" Payments	24,935	-	-	-	24,935
Total Revenues	6,369,787	355,894	-	888,715	7,614,396
Expenditures:					
Current:					
General Government	557,427	-	-	78,737	636,164
Public Safety	733,597	-	-	87,240	820,837
Public Works	919,715	-	-	524,591	1,444,306
Water	-	357,063	161,516	-	518,579
Education	3,324,192	-	-	-	3,324,192
Health and Human Services	128,812	-	-	38,924	167,736
Culture and Recreation	210,593	-	-	106,205	316,798
Employee Benefits and Insurance	559,601	-	-	-	559,601
State Assessments	26,535	-	-	-	26,535
Debt Service:					
Principal	-	132,275	-	-	132,275
Interest	-	4,012	-	-	4,012
Total Expenditures	6,460,472	493,350	161,516	835,697	7,951,035
Excess of Revenues Over (Under) Expenditures	(90,685)	(137,456)	(161,516)	53,018	(336,639)
Other Financing Sources (Uses):					
Operating Transfers In	20,000	134,220	-	-	154,220
Operating Transfers Out	(134,220)	-	-	(20,000)	(154,220)
Total Other Financing Sources (Uses)	(114,220)	134,220	-	(20,000)	-
Net Change in Fund Balances	(204,905)	(3,236)	(161,516)	33,018	(336,639)
Fund Balances, Beginning of Year	3,487,777	224,014	494,475	1,309,367	5,515,633
Fund Balances, End of Year	\$ 3,282,872	\$ 220,778	\$ 332,959	\$ 1,342,385	\$ 5,178,994

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, 2014

Total Governmental Fund Balances		\$	5,178,994
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			7,305,912
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			823,820
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:			
Other Post Employment Benefits Payable	\$	(626,516)	
Compensated Absences		(163,546)	(790,062)
Net Position of Governmental Activities		\$	12,518,664

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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(336,639)
<p>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:</p>		
Capital Outlay Purchases	\$ 962,259	
Depreciation	<u>(468,605)</u>	493,654
<p>Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue</p>		
		12,963
<p>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:</p>		
Repayment of Debt and Principal		132,275
<p>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:</p>		
Net Change in Compensated Absences	26,818	
Net Change in Other Post Employment Benefits	(76,292)	
Net Change in Accrued Interest on Long-Term Debt	<u>2,232</u>	<u>(47,242)</u>
Change in Net Position of Governmental Activities	\$	<u>255,011</u>

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original Budget	Final Budget	Budgetary Basis	Carried Forward to Next Year	Final Budget Positive (Negative)
Revenues:					
Property Taxes	\$ 4,683,012	\$ 4,683,012	\$ 4,907,335	\$ -	\$ 224,323
State Receipts	700,247	700,247	787,408	-	87,161
Excise and Other Taxes	320,584	320,584	430,467	-	109,883
Licenses, Permits, Fees	87,400	87,400	213,789	-	126,389
Interest on Taxes	50,000	50,000	57,606	-	7,606
Investment Income	4,000	4,000	11,458	-	7,458
Total Revenues	5,845,243	5,845,243	6,408,063	-	562,820
Expenditures:					
Current:					
General Government	662,767	691,024	557,427	91,651	41,946
Public Safety	762,857	744,600	733,597	4,136	6,867
Public Works	1,069,850	1,078,410	919,715	208,361	(49,666)
Education	3,407,276	3,407,276	3,299,257	-	108,019
Health and Human Services	158,270	158,270	128,812	-	29,458
Culture and Recreation	236,247	236,247	210,593	14,700	10,954
Employee Benefits and Insurance	580,505	590,505	559,601	-	30,904
State Assessments	32,098	32,098	26,535	-	5,563
Total Expenditures	6,909,870	6,938,430	6,435,537	318,848	184,045
Excess of Revenues Over (Under) Expenditures	(1,064,627)	(1,093,187)	(27,474)	318,848	746,865
Other Financing Sources (Uses):					
Operating Transfers In (Out)	193,050	193,050	193,050	-	-
Total Other Financing Sources (Uses)	193,050	193,050	193,050	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(871,577)	(900,137)	165,576	318,848	746,865
Budgetary Fund Balance - Beginning of Year	1,378,903	1,378,903	1,378,903	-	-
Budgetary Fund Balance - End of Year	\$ 507,326	\$ 478,766	\$ 1,544,479	\$ 318,848	\$ 746,865

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, 2014

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 6,408,063	\$ 6,435,537
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	80,689	-
Net Decrease in Revenue from recording Refund Taxes Payable	(42,400)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	24,935	-
Recognition of Expenditures - "on behalf payments"	-	24,935
Net Decrease in Revenue from Recording 60-Day Receipts	(101,500)	-
Reported on a GAAP Basis	\$ 6,369,787	\$ 6,460,472

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

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 76,764
Total Assets	76,764
LIABILITIES	
Due to Others	6,064
Escrows and Deposits	70,700
Total Liabilities	76,764
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
Year Ended June 30, 2014

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 2014, 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. Descriptions 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
Year Ended June 30, 2014

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.

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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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 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
Year Ended June 30, 2014

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, 2013 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2014 on June 28, 2013 that were due on August 1, 2013 and November 1, 2013 and the actual tax bills were mailed on December 31, 2013 and March 31, 2014 that were due on February 3, 2014 and May 1, 2014, respectively.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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 2014 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2014	\$	4,716,649
Add: Debt Exclusion		171,434
	\$	4,888,083

The total amount raised by taxation was \$4,887,905.

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.

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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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:

Capital Asset Type	Years
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 Inflows of Resources

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

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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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.

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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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.
- 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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

- 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 2014, the Town incurred a final budget deficit of \$900,137 for the General Fund.

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

Unassigned fund balance:		
Free cash votes	\$	254,560
Appropriations		85,000
Overlay surplus		20,400
Unreserved fund balance		41,709
Prior year's encumbrances		498,468
	\$	900,137

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, 2014 were \$2,537,963. Of these, \$32,472 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 income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

As of June 30, 2014, 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	\$ 83,213	\$ -	\$ 83,213	\$ -	\$ -
U. S. government agencies	241,023	-	130,217	-	110,806
Corporate bonds	398,512	-	398,512	-	-
Money market mutual fund	440,277	440,277	-	-	-
	<u>1,163,025</u>	<u>\$ 440,277</u>	<u>\$ 611,942</u>	<u>\$ -</u>	<u>\$ 110,806</u>
Other Investments:					
Certificate of deposits	758,416				
Equity securities-domestic stocks	692,736				
Mutual funds	103,915				
MMDT	729,167				
	<u>\$ 3,447,259</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 \$3,447,259 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

Credit Risk

The Town's exposure to credit risk as of June 30, 2014 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 83,213
U. S. Government Agencies:	
Aaa	241,023
Corporate Bonds:	
A1	122,007
A3	20,234
Baa1	31,007
Baa2	225,264
Money Market Mutual Funds:	
Not rated	440,277
	\$ 1,163,025

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 6.53% of the Town's total investments.

B. Receivables

At June 30, 2014, 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	\$ 313,825	\$ (20,705)	\$ 293,120
Tax liens	193,727	-	193,727
Excise taxes	200,449	(63,353)	137,096
User charges	67,737	(500)	67,237
Departmental	12,272	-	12,272
Due from other governments	298,600	-	298,600
	\$ 1,086,610	\$ (84,558)	\$ 1,002,052

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

The composition of amounts due from other governments as of June 30, 2014 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:

Veterans benefits	\$	19,722
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Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Department of Environmental Protection:

Storm Water Grant	\$	152,075
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Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds	126,803	278,878
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	<u>\$</u>	<u>298,600</u>
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C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:

Property taxes	\$	278,320
Tax liens		193,727
Excise taxes		137,096
Due from other governments		<u>19,722</u>
	\$	628,865

Water Fund:

User charges		67,237
--------------	--	--------

Nonmajor Governmental Funds:

Departmental	\$	12,272
Due from other governments		<u>115,446</u>
	<u>\$</u>	<u>127,718</u>
	<u>\$</u>	<u>823,820</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 507,334	\$ 34,035	\$ -	\$ 541,369
Construction in progress	1,533,920	233,254	(162,133)	1,605,041
Total capital assets not being depreciated	2,041,254	267,289	(162,133)	2,146,410
Capital assets being depreciated:				
Buildings and Renovations	4,451,329	162,133	-	4,613,462
Machinery, equipment and other	2,480,517	123,738	-	2,604,255
Infrastructure	3,326,275	571,232	-	3,897,507
Total capital assets being depreciated	10,258,121	857,103	-	11,115,224
Less accumulated depreciation for:				
Buildings and Renovations	2,205,726	169,213	-	2,374,939
Machinery, equipment and other	1,942,975	156,940	-	2,099,915
Infrastructure	1,338,416	142,452	-	1,480,868
Total accumulated depreciation	5,487,117	468,605	-	5,955,722
Total capital assets being depreciated, net	4,771,004	388,498	-	5,159,502
Total governmental activities capital assets, net	<u>\$ 6,812,258</u>	<u>\$ 655,787</u>	<u>\$ (162,133)</u>	<u>\$ 7,305,912</u>

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

Governmental Activities:	
General government	\$ 47,917
Public safety	82,210
Public works	175,831
Education	22,805
Health and human services	30,587
Culture and recreation	53,218
Water	56,037
Total depreciation expense - governmental activities	<u>\$ 468,605</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2014, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Water fund	Total
General fund	\$ -	\$ 134,220	\$ 134,220
Nonmajor governmental funds	20,000	-	20,000
Total transfers out	\$ 20,000	\$ 134,220	\$ 154,220

F. 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 activities.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 132,275	\$ -	\$ 132,275	\$ -	\$ -
Compensated absences	190,364	11,101	37,919	163,546	32,709
OPEB liability obligation	550,224	76,292	-	626,516	-
Governmental activity					
Long-term liabilities	\$ 872,863	\$ 87,393	\$ 170,194	\$ 790,062	\$ 32,709

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, 2014.

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
Year Ended June 30, 2014

The following is a computation of the legal debt limit as of June 30, 2014:

Equalized Valuation-Real Estate and Personal Property (2014)		\$	<u>363,571,800</u>
Debt Limit: 5 % of Equalized value			18,178,590
Total Debt Outstanding	\$	-	
Less: Debt Outside Debt Limit		-	-
			<u>18,178,590</u>
 Inside Debt Excess Borrowing Capacity at June 30, 2014		 \$	 <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, 2014.

Overlapping Debt

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

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Quaboag Regional School District:			
School Construction	\$ 520,000	40.02%	\$ 208,104
School Construction	<u>400,000</u>	100.00%	<u>400,000</u>
	<u>\$ 920,000</u>		<u>\$ 608,104</u>

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

G. Fund Balances

The following is a summary of the Governmental Fund fund balances at the year ended June 30, 2014:

	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	-	-	-	185,486	185,486
Town revolving funds	-	-	-	31,042	31,042
Donations and gifts	-	-	-	120,176	120,176
Permanent funds	-	-	-	336,469	336,469
Other	-	-	-	375,292	375,292
	-	-	-	1,048,465	1,048,465
Committed:					
Major funds	-	220,778	332,959	-	553,737
Public works	-	-	-	9,389	9,389
	-	220,778	332,959	9,389	563,126
Assigned:					
General government	91,651	-	-	-	91,651
Public safety	4,136	-	-	-	4,136
Public works	208,361	-	-	-	208,361
Culture and recreation	14,700	-	-	-	14,700
Subsequent year's budget	442,191	-	-	-	442,191
	761,039	-	-	-	761,039
Unassigned:					
General Fund	2,521,833	-	-	-	2,521,833
Total Governmental fund balances	\$ 3,282,872	\$ 220,778	\$ 332,959	\$ 1,342,385	\$ 5,178,994

H. 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
Year Ended June 30, 2014

At June 30, 2014 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 919,402
Fire truck stabilization fund	267,554
Water stabilization fund	489,646
	<hr/>
	\$ 1,676,602
	<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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

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

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 40 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

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 2014 fiscal year, the Town provided required contributions of \$40,579 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
Year Ended June 30, 2014

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:

	Governmental Activities
Annual required contribution	\$ 122,861
Interest on net OPEB obligation	19,258
Adjustment to annual required contribution	(25,248)
Annual OPEB cost (expense)	116,871
Contributions made during the fiscal year	(40,579)
Increase in net OPEB obligation	76,292
Net OPEB Obligation - beginning of year	550,224
Net OPEB Obligation - end of year	\$ 626,516

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 116,871	34.7%	\$ 626,516
6/30/2013	\$ 113,379	42.9%	\$ 550,224
6/30/2012	\$ 207,357	20.1%	\$ 485,440

Funded Status and Funding Process

As of June 30, 2013, 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 103.9%.

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.

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. 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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

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 Town OPEB actuarial valuation as of June 30, 2013, used a simplified version of the entry age actuarial cost method. The OPEB liability is currently funded and the actuarial assumptions include a 3.5% discount rate and average salary increase of 2%. The health care inflation trend rate for year one is 2.0% increasing for four years to an ultimate rate of 4% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of payroll open basis. The remaining amortization period at June 30, 2014 is 25 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 \$24,935 for the fiscal year ending June 30, 2014, 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.

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

The Town's contribution to the System for the fiscal years ended June 30, 2014, 2013, and 2012 is shown below, which equaled its required contribution for each fiscal year.

Fiscal Year Ended June 30	Town's Contribution
2014	\$ 202,076
2013	\$ 153,208
2012	\$ 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	<u>\$ 546,124,800</u>

The Town's portion of such liability is approximately 0.54% or \$2,949,074.

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.

E. Implementation Of New GASB Pronouncements

During fiscal year 2014, the GASB implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement introduced the concept of deferred outflows and deferred inflows to the financial statements. As such, certain items that were previously reported as assets and liabilities were reclassified to deferred outflows and deferred inflows.

F. Future GASB Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2014

a significant impact on the Town's basic financial statements by recognizing as an asset/(liability) and revenue/(expense), the Town's portion of the Worcester Regional Contributory Retirement System actuarial accrued liability.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan
Year Ended June 30, 2014

Schedule of Funding Progress

Other Post Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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)
6/30/2013	\$ -	\$ 1,142,905	\$ 1,142,905	0.0%	\$ 1,100,000	103.9%
6/30/2010	\$ -	\$ 1,958,609	\$ 1,958,609	0.0%	\$ 751,784	260.5%

Schedule of Contribution Funding

Other Post Employment Benefits				
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed	
2014	\$ 116,871	\$ 40,579	34.7%	
2013	\$ 113,379	\$ 48,595	42.9%	
2012	\$ 207,357	\$ 41,672	20.1%	

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date	June 30, 2013
Actuarial cost method	Entry Age Actuarial Cost method
Amortization method	30-year amortization payments

Actuarial Assumptions:

Discount rate	3.5%
Projected salary increases	2.0% applied for amortization purposes.
Medical/drug cost trend rate	2.0% in year one increasing 1% annually to an ultimate trend rate of 4.0% per year.

Plan Membership:

Current active members	18
Current retirees, beneficiaries and dependents	22
Total	40

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2014

Schedule of Funding Progress

Pension System						
Worcester Regional Contributory Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2012	\$ 436,671,982	\$ 982,796,782	\$ 546,124,800	44.4%	\$ 238,952,079	228.5%
1/1/2010	\$ 413,976,785	\$ 863,002,067	\$ 449,025,282	48.0%	\$ 241,992,607	185.6%
1/1/2007	\$ 389,758,785	\$ 692,768,325	\$ 303,009,540	56.3%	\$ 211,518,755	143.3%

Schedule of Funding Progress

Pension System						
Worcester Regional Contributory Retirement System				Town		
Fiscal Year Ended	Annual Required Contributions	Actual Contributions (A)	Percentage Contributed	Actual Contributions (B)	Percentage of System-Wide Actual Contributions (B/A)	
6/30/2014	\$ 37,510,266	\$ 37,510,266	100.00%	\$ 202,076	0.54%	
6/30/2013	\$ 35,056,320	\$ 35,056,320	100.00%	\$ 153,208	0.44%	
6/30/2012	\$ 33,072,000	\$ 33,072,000	100.00%	\$ 138,880	0.42%	

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date	January 1, 2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Increasing at 4.0% per year for the remaining UAL
Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by a percentage of gains and losses recognized for the past four years. Investments 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.

Actuarial Assumptions:

Investment rate of return	8.00%
Projected salary increase	3.00%
Cost of living adjustments	3.00% of the pension amount, capped at \$420 per year.

Plan Membership:

Retired participants and beneficiaries receiving benefits	2,742
Inactive participants	1,874
Disabled	233
Active participants	6,377
Total	<u>11,226</u>

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, 2014

	Fund Balances July 1, 2013	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2014
Special Revenue:					
<i>Federal and State Grants:</i>					
Arts Lottery Council Grants	\$ 545	\$ 4,250	\$ -	\$ (4,750)	\$ 45
Council on Aging Grants	12,658	12,185	12,822	2,000	14,021
Conservation Grant	-	5,353	5,353	-	-
Emergency Preparedness Coalition Grant	571	-	-	-	571
Extended Polling Hours	403	3,531	-	-	3,934
Fountain Grant	9,604	-	9,604	-	-
Highway Grants	137,700	247,941	257,277	-	128,364
Library Grants	5,794	8,149	3,166	2,250	13,027
Public Safety Grants	12,674	6,101	10,626	-	8,149
Smart Growth Grant	4,558	-	-	-	4,558
Storm Water Grant	-	236,597	236,597	-	-
<i>Other:</i>					
Cable Grants	4,728	98,082	54,983	-	47,827
Cemetery Revolving	1,724	3,221	4,312	-	633
Conservation Funds	3,807	5,353	-	-	9,160
Curb Cut Escrow	53,462	6,022	1,000	(20,000)	38,484
Gifts and Donations	194,367	63,814	115,156	(22,849)	120,176
Housing and Septic Repair Loan Repayments	241,981	7,764	1,000	-	248,745
Insurance Proceeds	-	1,617	1,334	-	283
Planning Board Revolving	1,061	700	1,147	-	614
Police Off Duty Detail Revolving	8,463	75,983	75,099	-	9,347
Other Grants and Programs	500	258	500	-	258
Road Machinery Fund	3,890	5,499	-	-	9,389
Stewardship Program Revolving	-	12,715	7,417	1,275	6,573
Storm Water Revolving	4,684	9,344	9,853	-	4,175
Conservation Commission Trust	5,263	123	-	-	5,386
Self Insurance Trust	27,177	628	705	-	27,100
Unrealized Gain/Loss	8,304	12,261	-	-	20,565
Total Special Revenue	743,918	827,491	807,951	(42,074)	721,384
Perpetual Permanent Funds:					
Cemetery Perpetual Care Funds	174,341	-	-	-	174,341
Library Funds	8,286	-	-	-	8,286
Total Perpetual Permanent Funds Page 46	\$ 182,627	\$ -	\$ -	\$ -	\$ 182,627

TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Fund Balances July 1, 2013	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2014
Continued from Page 46:	\$ 182,627	\$ -	\$ -	\$ -	\$ 182,627
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	48,405	-	-	-	48,405
Helen Paige Shackley Bandstand	12,495	-	-	-	12,495
Helen B. Hawks/Stickney Fund	10,892	-	-	-	10,892
Margaret Preisach Magnante Fund	29,132	-	-	-	29,132
Other Trust Funds:					
Col. Fairfax Ayers Monument Fund	980	-	-	-	980
Total Perpetual Permanent Funds	284,531	-	-	-	284,531
Permanent Funds:					
Cemetery Perpetual Care Funds	91,993	8,408	12,696	-	87,705
Library Funds	49,244	17,112	-	-	66,356
Quaboag Park/Town Common Funds :					
John G. Shackley Fund	3,742	1,221	-	-	4,963
Helen Paige Shackley Bandstand	2,232	345	-	-	2,577
Helen B. Hawks/Stickney Fund	1,733	296	-	-	2,029
Margaret Preisach Magnante Fund	4,196	781	1,000	-	3,977
Priscilla E. Side Fund	9,240	217	-	-	9,457
Common Committee Fund	1,738	40	-	-	1,778
Other Trust Funds:					
Col. Fairfax Ayers Monument Fund	3,083	95	-	-	3,178
Historical Commission Fund	64,165	7,718	14,050	-	57,833
Lucy Stone Birthplace Fund	864	20	-	-	884
Recreation Committee Fund	9,298	218	-	-	9,516
Reynis Town Hall Interior Fund	25,439	596	-	-	26,035
Rice Fountain Trust	-	254	-	22,074	22,328
Unrealized Gain/Loss	13,951	23,903	-	-	37,854
Total Permanent Funds	280,918	61,224	27,746	22,074	336,470
Total Non-Major Governmental Funds	\$ 1,309,367	\$ 888,715	\$ 835,697	\$ (20,000)	\$ 1,342,385

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2013 TO JUNE 30, 2014**

	Uncollected Taxes July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2014	Uncollected Taxes Per Detail June 30, 2014
Real Estate Taxes:						
Levy of 2014	\$ -	\$ 4,731,124	\$ 36,478	\$ 4,485,096	\$ 209,550	\$ 209,558
Levy of 2013	202,006	-	-	143,642	58,364	58,367
Levy of 2012	41,662	-	-	22,839	18,823	18,823
Levy of 2011	8,757	-	-	2,606	6,151	6,151
Levy of 2010	1,258	-	-	1,168	90	446
Prior Years	(1,694)	-	-	-	(1,694)	(1,884)
	<u>251,989</u>	<u>4,731,124</u>	<u>36,478</u>	<u>4,655,351</u>	<u>291,284</u>	<u>291,461</u>
Personal Property Taxes:						
Levy of 2014	\$ -	\$ 156,943	\$ 424	\$ 155,101	\$ 1,418	\$ 1,418
Levy of 2013	18,036	-	-	17,618	418	418
Levy of 2012	321	-	-	64	257	257
Levy of 2011	528	-	13	13	502	502
Levy of 2010	2,874	-	-	-	2,874	2,874
Prior Years	17,121	-	-	49	17,072	17,072
	<u>38,880</u>	<u>156,943</u>	<u>437</u>	<u>172,845</u>	<u>22,541</u>	<u>22,541</u>
Total Real Estate and Personal Property Taxes	<u>\$ 290,869</u>	<u>\$ 4,888,067</u>	<u>\$ 36,915</u>	<u>\$ 4,828,196</u>	<u>\$ 313,825</u>	<u>\$ 314,002</u>

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2013 TO JUNE 30, 2014**

	Uncollected Taxes July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2014	Uncollected Taxes Per Detail June 30, 2014
Motor Vehicle Excise Taxes:						
Levy of 2014	\$ -	\$ 414,624	\$ 3,322	\$ 322,896	\$ 88,406	\$ 88,406
Levy of 2013	88,106	43,807	4,298	80,856	46,759	46,764
Levy of 2012	17,531	-	284	12,610	4,637	4,642
Levy of 2011	10,259	-	161	5,668	4,430	4,430
Levy of 2010	3,381	-	(80)	120	3,341	3,341
Prior Years	52,874	-	(119)	117	52,876	52,876
Total Motor Vehicle Excise Taxes	\$ 172,151	\$ 458,431	\$ 7,866	\$ 422,267	\$ 200,449	\$ 200,459

**TOWN OF WEST BROOKFIELD, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2013 TO JUNE 30, 2014**

	Uncollected Accounts July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2014	Uncollected Accounts Per Detail June 30, 2014
Tax Liens	\$ 307,214	\$ -	\$ 34,036	\$ 79,451	\$ 193,727	\$ 171,302