

TOWN OF WESTMINSTER, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2014

On the cover: The Westminster Town Hall is located on South Street in Westminster. Constructed in 2006, the building is a modern state of the art facility housing most of the Town's administrative functions. Board of Selectmen meetings are generally held every other week in the second floor meeting room.



Above: The Old Mill in Westminster, is a simple classic New England scene with its lovely pond graced by ducks, a sweet smelling waterfall, a walk-through covered bridge, and a charming restaurant interior with old wooden floors, wooden posts, and beam ceilings in the main dining rooms. Whether serving as the highlight of a New England day or a sidebar to exploring largely rural north central New England and the Midstate Trail, the 1761 Old Mill represents true, traditional New England scenery.

TOWN OF WESTMINSTER, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

Karen Murphy, Town Administrator



Prepared by the Financial Offices

*Melody L. Gallant, Treasurer/Collector
Julie Costello, Interim Town Accountant*



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**TOWN OF WESTMINSTER, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION



Hager Park is located off Route 140 (known locally as Hager Park Road) just south of the intersection with Route 2A and the Route 2 East on-ramp. The park consists of approximately 57 acres on the east side of the road, which abuts Woodside Cemetery and surrounds the Water Treatment facility. There are another 18 + acres located on the west side of Route 140.

These parcels of land were part of a larger tract originally given to the town by Joseph Hager in the early 1900's. The Hager Park Commission oversees the Wachusett Rambler Recreation Area, a nine acre parcel which abuts the main part of Hager Park. The Rambler Area became part of Hager Park at the annual town meeting in 2008.



Town of Westminister Board of Selectmen

Wayne R. Walker, Chairperson
Heather M. Billings, Vice Chairperson
John F. Fairbanks, Clerk



11 South Street
Westminister, Massachusetts 01473

Telephone (978) 874-7400
Facsimile (978) 874-7462
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Karen M. Murphy
Town Administrator

Letter of Transmittal

October 28, 2014

Honorable Board of Selectmen and Citizens of the Town of Westminister, Massachusetts:

We are pleased to acknowledge that the Town of Westminister has completed its inaugural installment of the *Comprehensive Annual Financial Report (CAFR)*. The report, which was prepared by the Town's finance team, is for the fiscal year ended June 30, 2014. We are confident this transmission will be the beginning of what will be an annual endeavor.

The Town is responsible for the accuracy, completeness and fairness of the data presented in the CAFR. This letter of transmittal and the **management's discussion and analysis**, located in the financial section of the CAFR, provide a comprehensive financial overview of the Town and ensure that the financial and general operations of Town government remain transparent, and therefore open for easy viewing.

The CAFR represents a complete set of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP), that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the Town.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and rating agencies as well as its citizens and taxpayers.

Since the report consists of management's representations concerning the finances of the Town, management assumes full responsibility for the completeness and reliability of all of the information presented. In addition, management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Westminister's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Westminster's financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is to provide on an annual basis reasonable assurance that the financial statements of the Town of Westminster are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Westminster's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town of Westminster's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Westminster, Massachusetts is located in Worcester County, Massachusetts. It is approximately 25 miles north of the City of Worcester, Massachusetts 50 miles north-west of the City of Boston, Massachusetts and 63 miles north-east of the City of Springfield, Massachusetts. It is bordered by Ashburnham, Gardner, Hubbardston, Princeton, Leominster and Fitchburg. The Town has a total area of 37.3 square miles of which 35.5 square miles is land and 1.8 square miles is water.



Westminster, whose name is derived of the minister in old England, was first settled in 1737 by pioneers from around Boston. The land was intended as compensation for soldiers who had fought in the King Philips War, but none of them wanted to leave the comforts of their homes, so bounties were given for their descendants and others to settle here. The Town was first called Narragansett Number Two in deference to the many Native American tribes who lived in the region. However, as the population grew, it became incorporated in 1759 and assumed its' current name of Westminster.

Westminster was populated mostly by farmers in its early years, but during the industrial revolution, residents began to learn specialized skills, and as a result, industries evolved in Town including sawmills, gristmills, pail factories and chair factories. The tributaries leading to the Nashua River provided an excellent source of power which caused the area to become a bustling industrial center. The leading industry was chair making. However a decision to not include the railroad in the middle of Town in the mid 1800's caused the industry to die off.

After the Civil War, Westminster residents became the labor force for neighboring industrial cities; this movement was bolstered with the evolution of the trolley. The cross travelling led to the creation of Wachusett Park, a major recreational facility. In the 1950's the Town became the home to many large businesses, including Digital equipment Corporation, Simplex Time Recorder, W.E. Aubuchon and many others.

Despite this, Westminster has maintained its' rural character and is the home of many state forests, including the Wachusett Mountain State Reservation home of the tallest mountain in Worcester County. The mountain includes a ski lodge, which is the most active in Massachusetts. Hundreds of thousands of people visit the mountain annually for downhill and cross country skiing and other winter sports.





The Massachusetts Bay Transportation Authority is in the process of constructing a commuter rail stop which will be named the Wachusett Station. This will provide commuters with much needed rail transportation that has not existed in the area for over 50 years. The station will be located about a mile outside of Westminster, in Fitchburg, Massachusetts; is scheduled for opening in late 2015, and will connect an estimated 400 daily commuters with North Station in Boston.

Airline travel is available through Worcester Regional Airport, located about 25 miles south of Westminster in Worcester and Logan International Airport located 50 miles

south-east of Westminster in Boston. Both airports are owned and operated by the Massachusetts Port Authority, an agency of the Commonwealth of Massachusetts.

The Town is also in close proximity to route 2, 190, 290, 495 and the Massachusetts Turnpike which makes the Town easily accessible by vehicle.

The Town operates under the Selectmen, Town Administrator and open Town Meeting form of government. The three elected Selectmen make policy decisions and the Town Administrator is responsible for carry-ing out and enforcing the policies of the Selectmen and for managing the day to day operations of the Town.

An annual operating budget is approved by Town Meeting in May. This annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. Personnel Services, Purchase of Services, Supplies, Other Charges & Expenses) allowing the department heads to allocate resources within the department. Transfers between categories need approval from Town Meeting unless specifically exempted by state statute.

The Town offers a full range of traditional municipal services including police and fire protection, education (through regional school districts), maintenance of streets and sidewalks, Council of Aging, library, cemetery, parks and recreational facilities. One of the more popular recreational attractions is the Crocker Pond recreation area, which includes a beach for family fun in addition to many fishing locations for the outdoorsman.



Factors Affecting Economic Condition

Industry Manufacturing represents 21.5% of the Town’s private employment and thus is an important component of the Town’s economy. Major manufacturers include Tyco, TRW, and Ranor Inc., who represent 3 of the larger taxpayers and account for 40% of the jobs in the Town.

The remainder of the Town’s employment base is well diversified with none of the other 7 major industry types representing more than 10% of the Town’s overall employment.

Property Taxes The growth of the Town’s main source of revenues, property taxes, is capped by Proposition 2 ½ and can only be overridden through a ballot vote by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased more proportionally. As a result, balancing the annual budget can be a challenge. Given its geographical location the Town does not have a large commercial and industrial property tax base so it relies heavily on residential property taxes.

Approximately 82% of the Town’s property taxes are derived from residential taxes therefore new growth is essential to revenue growth and the ability to sustain the Town’s annual costs.

The following table summarizes the Town’s new growth over the prior 5 calendar years:

Table 1

Calendar Year	# of Permits	Equalized Value
2013	246	\$ 11,178,208
2012	255	9,780,137
2011	207	8,284,855
2010	225	7,201,304
2009	219	7,248,927
Total	1,152	\$ 43,693,431

Growth has been much stronger than expected with over \$40 million dollars (greater than 5%) added to the Town’s equalized valuation (market value) during this period. This represents almost \$1 million in taxes for the Town annually. A strong equalized valuation is important to the stakeholders in the Town’s securities, thus the Town is encouraged by this positive trend.

In addition, The Town has entered into a contract with RCI Fitchburg, Inc. for solid waste disposal, recycling, and composting services. The landfill is located in the Town of Westminster and owned by the City of Fitchburg. Since Westminster is the host to the landfill, the Town is entitled, per the agreement, to receive an annual host fee.

The annual host payments received for each of the past 10 years is illustrated in the following Table 2:

Table 2

Fiscal Year	Host Revenue
2014	\$ 1,018,307
2013	1,210,651
2012	1,883,943
2011	1,111,446
2010	1,496,241
2009	1,606,041
2008	2,032,961
2007	2,759,277
2006	2,651,766
2005	2,684,626
Total	\$ 18,455,259

The Town's strong growth as summarized in Table 1, together with the revenues received from the host agreement with RCI Fitchburg, Inc. has allowed the Town's taxpayers the benefit of reduced property taxes through a large levy capacity. In fact the taxpayers benefited from a weighted average 5.55% real estate tax savings over the past 10 years resulting in total savings of \$7.7 million..

This is illustrated in Table 3 below:

Table 3

Fiscal Year	Levy Limit	Levy	Levy Capacity	Tax savings
2014	\$ 16,185,118	\$ 15,575,281	\$ 609,837	3.77%
2013	15,598,464	15,075,655	522,809	3.35%
2012	15,145,838	14,442,097	703,741	4.65%
2011	14,665,805	13,740,204	925,601	6.31%
2010	14,324,083	13,332,626	991,457	6.92%
2009	13,776,212	13,332,795	443,417	3.22%
2008	12,690,537	12,009,566	680,971	5.37%
2007	12,482,101	11,807,765	674,336	5.40%
2006	12,071,948	10,990,685	1,081,263	8.96%
2005	11,421,285	10,373,143	1,048,142	9.18%
Totals	\$138,361,391	\$ 130,679,817	\$ 7,681,574	5.55%

Economic Development Westminster desires a robust and diverse local economy that provides tax revenues for the town and living wage jobs for local residents in a business friendly environment, with a timely and predictable permitting system and a municipal infrastructure capable of supporting new and expanding businesses and industries. In that regard, one of the Town's largest concerns is the

impact the eventual closing of the landfill will have on the Town's revenues as a result of the elimination of the land host fees discussed above. In order to address this concern, the Town's Master Plan Committee, headed by the Town Planner, set out to create a plan titled the "2014 Master Plan" (the Plan). The objective of the Plan was to address the impact of the potential lost revenue and identify opportunities for economic development that would provide sufficient property taxes to replace such funds.

The Plan was developed between 2012 and 2014; distributed for public comment in May 2014 and accepted by Special Town Meeting in November 2014.

In summary, the study concluded that the economic development opportunities were identified as attractive for development based upon the following characteristics:

1. Location,
2. Easily accessible Town Center,
3. Large industrial zones available for development,
4. Bio ready "gold" rating received from the Massachusetts Biotechnology Council,
5. Priority development sites and streamlined permitting,
6. Technical review board,
7. Eco-tourism opportunities,
8. Right to farm by law.

The Town has also conducted a study on the numerous improvements that may be made to the Town Center to attract new businesses. This study was completed in August 2014.



The Plan also summarized the obstacles to new economic development that would need to be overcome as follows:

1. Spending and taxes,
2. Lack of waste water capacity,
3. Lack of marketing,
4. Lack of Town center zoning,
5. Lack of Town center parking,
6. Lack of specialized local technical workforce

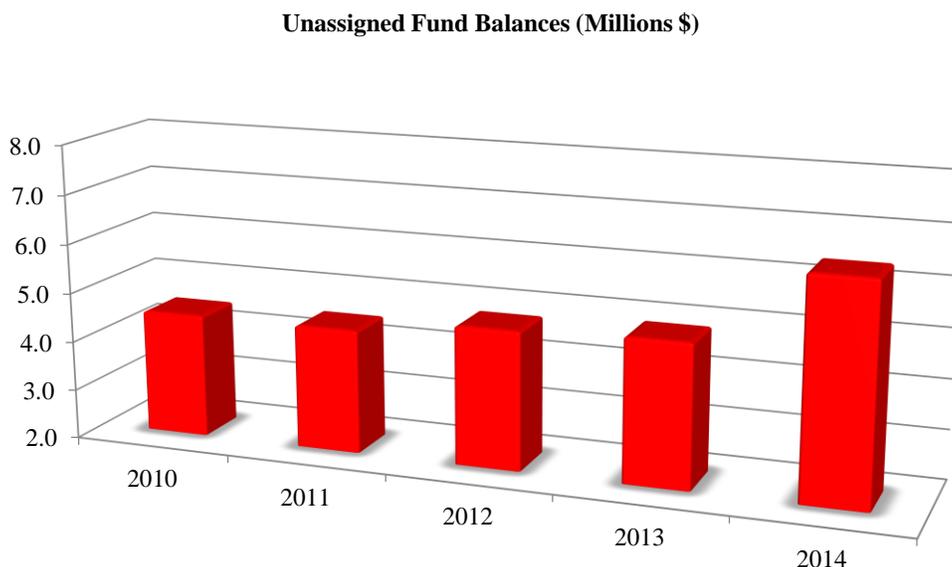
Some of the solutions to overcome these obstacles were summarized in the Plan as follows:

1. Massachusetts Economic Development Incentive Program (EDIP) was created by the legislature to stimulate job creation in distressed areas; the charge of the EDIP was to designate Economic Opportunity Areas (EOA) within Economic Target Areas (ETA). In 1995 the Town was designated an EOA with 3 designated ETAs; Simplex Drive, Westminster Business Park, and the Business Park at Westminster.
2. Tax increment financing.
3. MassDevelopment.
4. State Streamlined Permitting Program.
5. Comprehensive Economic Development Strategy.
6. Regional Chambers of Commerce.
7. Johnny Appleseed Trail Association.

It is the hope that the Plan will provide the Town with the vision to evolve seamlessly into its next era of economic growth.

Unassigned Fund Balances One of the methods the Town uses to maintain reserves from year to year is to conservatively forecast revenues. This allows the Town to use free cash (surplus) for reserves, capital projects or other non-operating one-time expenses. Since the Town has a significant level of levy capacity as previously discussed, the challenge of conservatively forecasting revenue is diminished and as a result, the Town has been able to maintain and/or increase reserves from year to year.

The following illustrates the Town's unassigned fund balance trend for the last 5 years:



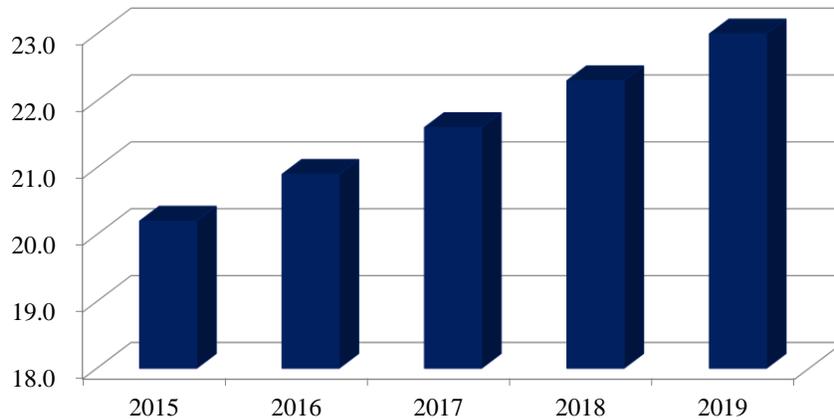
Long-term Financial Planning

The Town prepares rolling five-year operating budget projections. The Town believes this will (1) provide better insight when preparing annual budgets; (2) alert the Town to any potential budget issues far ahead of when these situations become real; and (3) allow the Town to determine when available financing for its capital needs can be provided or if a need for borrowing to finance projects is required.

The following represents the Town's five-year revenue projections:

	2015	2016	2017	2018	2019
Real and personal property	\$ 16,124,310	\$ 16,692,692	\$ 17,281,109	\$ 17,890,268	\$ 18,520,900
Local aid (governmental)	778,142	803,043	828,740	855,260	882,628
Local receipts	3,023,407	3,068,758	3,114,789	3,161,511	3,208,934
Indirect costs	338,973	349,820	361,014	372,567	384,489
Total sources	\$ 20,264,832	\$ 20,914,312	\$ 21,585,652	\$ 22,279,606	\$ 22,996,951

Forecasted revenues in millions \$



The Town projects revenues for budgetary purposes in a conservative manner, and typically does not tax to its levy limit, therefore the Town expects that annual budget sources as forecasted will be sufficient to fund annual appropriations.

Capital Improvements

The Town continues to invest in capital as needed. In the last decade, the Town has invested almost \$20 million in improving facilities and adding infrastructure. The following were key capital initiatives:

- New Town Hall on South Street over \$5.0 million.
- Additions to the Library \$2.0 million.
- New Senior Center \$2.5 million.
- Improvements to the municipal water infrastructure; almost \$1.0 million.



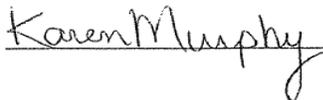
- Fire apparatus and ambulances over \$1.0 million.

- Police apparatus and vehicles \$0.8 million.
- Public Works apparatus over \$1.6 million.
- Improvements to roads, sidewalks, curbs and catch basins; \$4.3 million of which, most was funded through the State Chapter 90 Program.
- Open space acquisitions almost \$1.0 million.

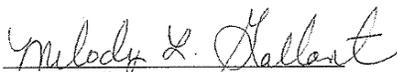
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate. The publication of this CAFR represents an important achievement in the ability of the Town of Westminster to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire finance team. Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

Respectfully submitted,

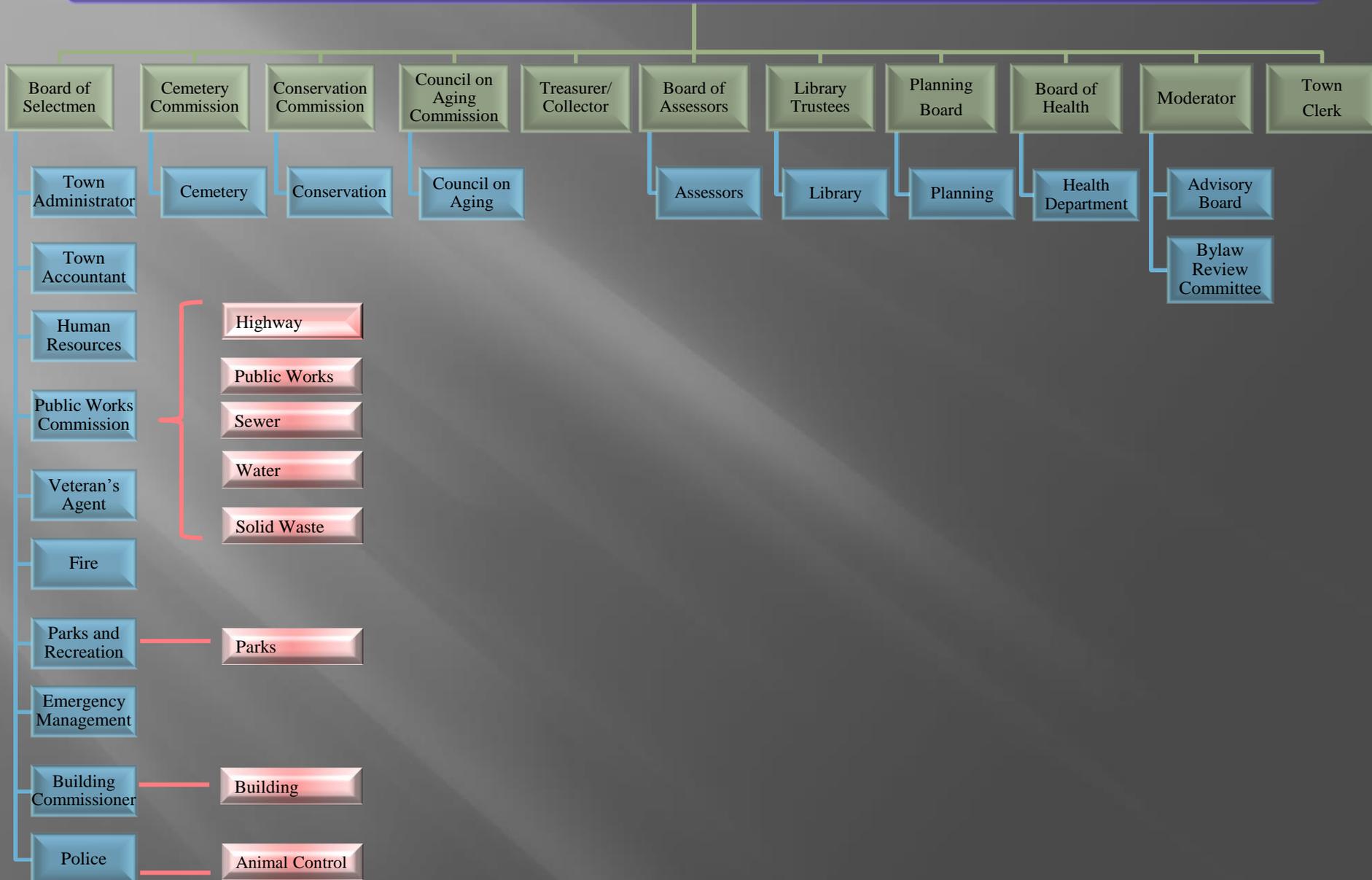


Karen M. Murphy, Town Administrator



Melody Gallant, Town Treasurer

Westminster Voters



PRINCIPAL TOWN OFFICIALS
As of June 30, 2014

Elected Officials

Board of Selectmen	Wayne R. Walker, Chairperson Heather M. Billings, Vice Chairperson John F. Fairbanks, Clerk
Town Treasurer/Collector	Melody Gallant
Town Clerk	Denise L. MacAloney
Town Moderator	John A. Bowen

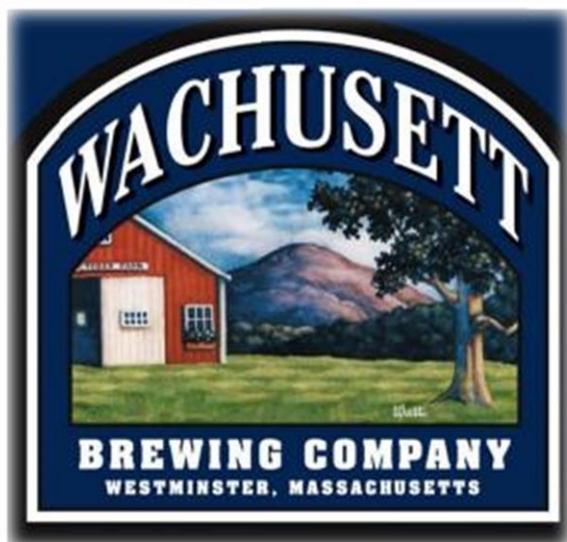
Key Principal Officers

Town Administrator	Karen Murphy
Town Accountant	Julie Costello (Interim)
Town Assessor	Brenda Bodanza
Advisory Board	Peter Normandin, Chair Joe Flanagan, Vice Chair Lisa Rocheleau Brian Ruland Joe Serio Burt Gendron Jim DeLisle

FINANCIAL SECTION



To the Left and below: The Westminster Cracker Company is a New England based company established in the center of Westminster. The original building still stands in the center of town although it has not been used for manufacturing for decades. The company is best known for its oyster crackers that filled Cracker Barrel Country Stores all over New England and is served by restaurants throughout the United States. The crackers are still made from the original 1828 recipe developed by the Dawley Family.



To the Left: Wachusett Brewing Company is a microbrewery and craft brewery located in Westminster. Founded in 1993, by former Worcester Polytechnic Institute graduates, it is Worcester's County's first and only brewery.



INDEPENDENT AUDITOR'S REPORT

Honorable Board of Selectmen
Town of Westminster, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Westminster, Massachusetts, (the "Town") as of and for the year ended June 30, 2014, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note III. Subsection H, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion was not modified with respect to this matter.

Restatement of Prior Year Ending Balances

As more fully described in Note IV, a restatement of prior year ending fund balances for the Senior Center Project and the Nonmajor Governmental Funds was required.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the funding and contribution progress for pension benefits and other post-employment benefits information and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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's basic financial statements. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements 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 combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2014, on our consideration of the Town of Westminster, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Roselli Clark & Associates". The signature is written in a cursive, flowing style.

Roselli, Clark & Associates
Certified Public Accountants
October 28, 2014



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Management's Discussion and Analysis



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

Financial Highlights

- The assets and deferred inflows of resources for the Town exceeded its liabilities and deferred outflows of resources at the close of the most recent fiscal year by approximately \$61.3 million (*total net position*).
- The government's total net position increased by approximately \$0.8 million (1.3% of total net position) over the prior year. This consisted of increases in both governmental activities' net position by approximately \$ 0.7 million (1.4% of total governmental activities' net position) and in business - type activities' net position of approximately \$0.1 million (0.8% of business-type activities' net position).
- The Town's unassigned fund balance reported in the General Fund was approximately \$6.4 million (35.2% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$7.2 million (39.4% of General Fund expenditures). The Town reported an unassigned fund deficit of \$2.3 million in its Senior Center Project fund due to expenditures funded from short-term notes and reported restricted fund balances of \$1.8 million, nonspendable fund balances of \$0.3 million and an unassigned fund deficit of \$0.7 million in its Nonmajor Governmental Funds.
- The Town's total debt decreased by \$0.9 million during the fiscal year. This decrease was due to regular scheduled maturities of over \$0.5 million in governmental activities and almost \$0.4 million in business-type activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 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 the Town's finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the 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.)

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); and (2) those

whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The Town's governmental activities consist of:

1. General government;
2. Public safety;
3. Education;
4. Public works;
5. Health and human services;
6. Culture and recreation; and,
7. Interest expense.

The Town's business-type activities consist of:

1. Water; and
2. Sewer;

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Town maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Senior Center Project which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

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

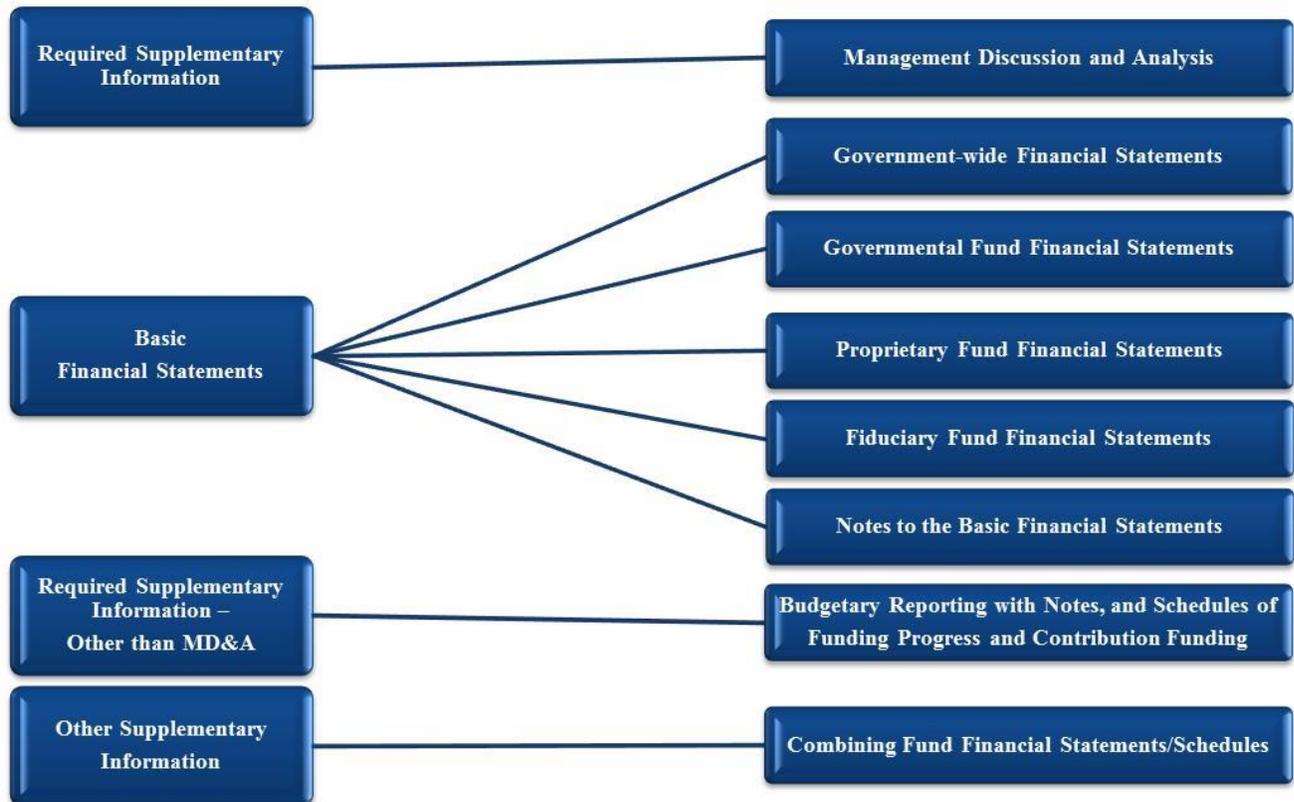
Proprietary funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for all the business-type activities previously discussed.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.

The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$61.3 million at the close of the most recent fiscal year.

The condensed Statement of Net Position is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<u>Assets</u>						
Current and other assets	\$ 11,753,344	\$ 9,710,859	\$ 3,815,569	\$ 4,489,475	\$ 15,568,913	\$ 14,200,334
Capital assets, net	51,039,918	49,305,292	7,071,563	6,820,345	58,111,481	56,125,637
Total assets	62,793,262	59,016,151	10,887,132	11,309,820	73,680,394	70,325,971
Deferred outflows of resources	-	-	-	-	-	-
<u>Liabilities</u>						
Long-term liabilities	4,888,205	4,922,421	2,304,829	2,674,598	7,193,034	7,597,019
Other liabilities	4,131,220	1,068,766	1,032,251	1,142,246	5,163,471	2,211,012
Total liabilities	9,019,425	5,991,187	3,337,080	3,816,844	12,356,505	9,808,031
Deferred inflows of resources	-	-	-	-	-	-
<u>Net position</u>						
Invested in capital assets	49,929,918	47,650,292	4,902,196	4,914,608	54,832,114	52,564,900
Restricted	1,869,240	1,867,128	-	-	1,869,240	1,867,128
Unrestricted	1,974,679	3,507,544	2,647,856	2,578,368	4,622,535	6,085,912
Total net position	\$ 53,773,837	\$ 53,024,964	\$ 7,550,052	\$ 7,492,976	\$ 61,323,889	\$ 60,517,940

By far, the largest portion (approximately \$54.8 million) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of 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, approximately \$1.9 million, of the Town's net position represents resources that are subject to external restrictions on how they may be used. The final portion, approximately \$4.6 million is unrestricted and may be used to meet the Town's current obligations and commitments.

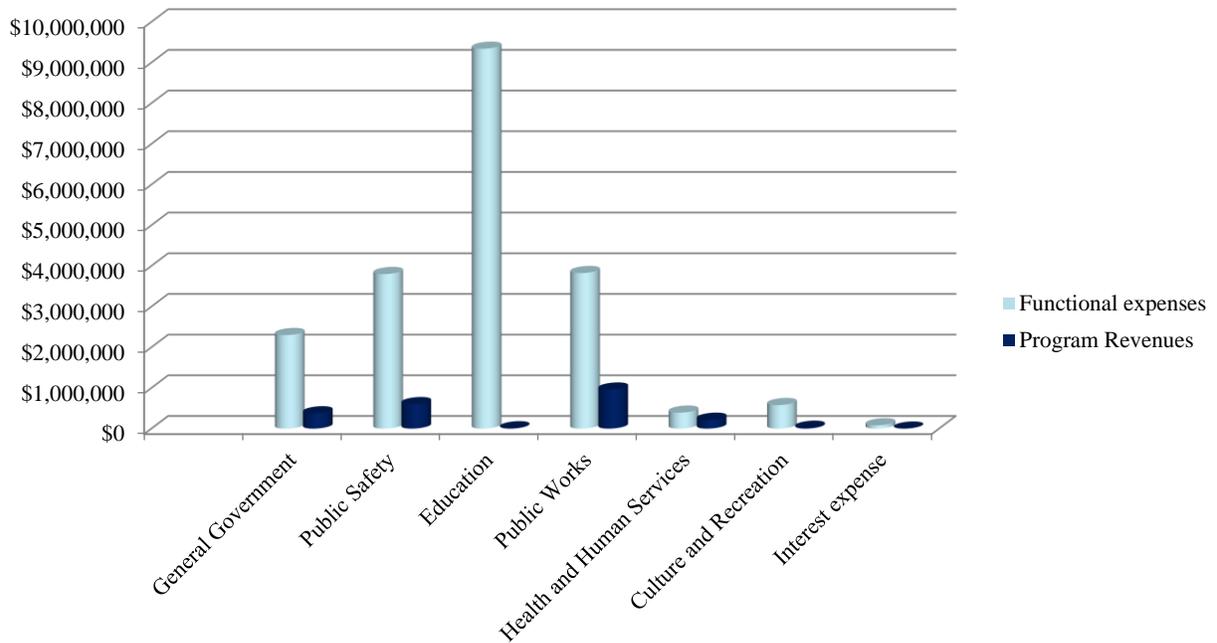
Condensed changes in net position data is presented as follows:

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 1,323,350	\$ 1,232,959	\$ 1,585,966	\$ 1,637,891	\$ 2,909,316	\$ 2,870,850
Operating grants and	245,464	132,633	103,358	109,233	348,822	241,866
Capital grants and contributions	614,585	396,724	-	-	614,585	396,724
General revenues:						
Property taxes	15,565,988	14,976,434	-	-	15,565,988	14,976,434
Intergovernmental	811,623	762,368	37,376	41,256	848,999	803,624
Other	2,388,285	2,333,623	5,238	7,587	2,393,523	2,341,210
Total revenues	20,949,295	19,834,741	1,731,938	1,795,967	22,681,233	21,630,708
<u>Expenses</u>						
General government	2,299,786	2,101,308	-	-	2,299,786	2,101,308
Public safety	3,799,848	3,849,847	-	-	3,799,848	3,849,847
Education	9,339,211	9,645,859	-	-	9,339,211	9,645,859
Public works	3,824,053	3,911,633	-	-	3,824,053	3,911,633
Health and human services	392,094	383,883	-	-	392,094	383,883
Culture and recreation	579,209	469,395	-	-	579,209	469,395
Interest expense	80,581	114,882	-	-	80,581	114,882
Water	-	-	555,767	511,757	555,767	511,757
Sewer	-	-	1,004,735	962,577	1,004,735	962,577
Total expenses	20,314,782	20,476,807	1,560,502	1,474,334	21,875,284	21,951,141
Change in net position before	634,513	(642,066)	171,436	321,633	805,949	(320,433)
<u>Transfers</u>	114,360	101,652	(114,360)	(101,652)	-	-
Change in net position	748,873	(540,414)	57,076	219,981	805,949	(320,433)
Net position, beginning of year	53,024,964	53,565,378	7,492,976	7,272,995	60,517,940	60,838,373
Net position, end of year	<u>\$ 53,773,837</u>	<u>\$ 53,024,964</u>	<u>\$ 7,550,052</u>	<u>\$ 7,492,976</u>	<u>\$ 61,323,889</u>	<u>\$ 60,517,940</u>

Governmental Activities – The governmental activities experienced a net increase in net position by approximately \$ 0.7 million (1.4 % of governmental activities’ net position). This was consistent with expectations as positive statutory results, due to robust economic conditions and aggressive expense monitoring, of over \$1.4 million were offset by non-statutory items such as depreciation of almost \$0.3 million and a provision for other postemployment benefit costs of approximately \$0.7 million.

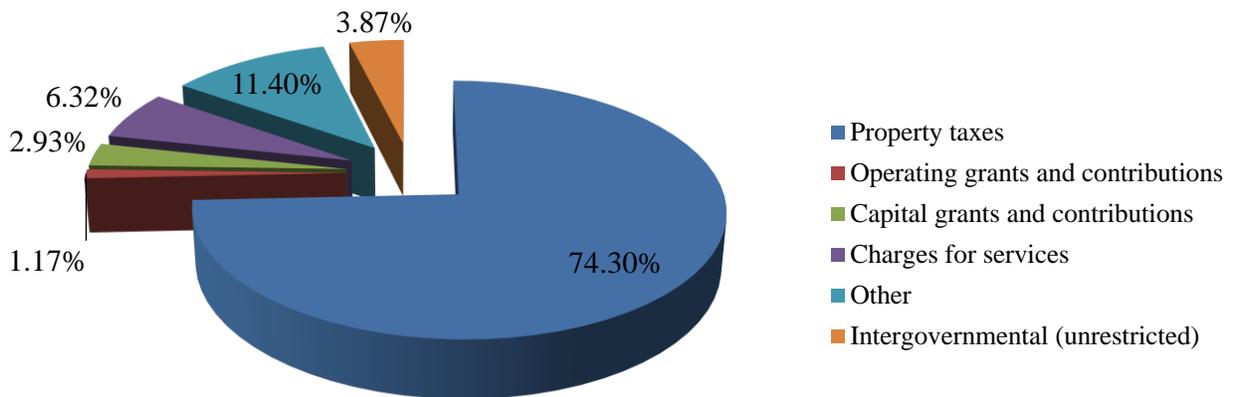
Net position of the business-type activities increased by less than 1.0% from the prior year balances. This was also consistent with expectations as there were no major fluctuations in operations from year to year.

Fiscal Year 2014 Expenses and Program Revenues – governmental activities are graphically presented as follows:



Major revenue sources of governmental activities consist of revenue from; Property taxes which represented 74.3% of total revenues, consistent with 75.5% in the prior year. Although the percentage of overall revenue was lower, the property tax amount increased in accordance with proposition 2 1/2, which caps property tax increases at 2 1/2% of the prior year levy plus new growth. No other specific revenue sources exceeded 10% of total revenues in either fiscal 2014 or 2013 as the other category is comprised of numerous minor items.

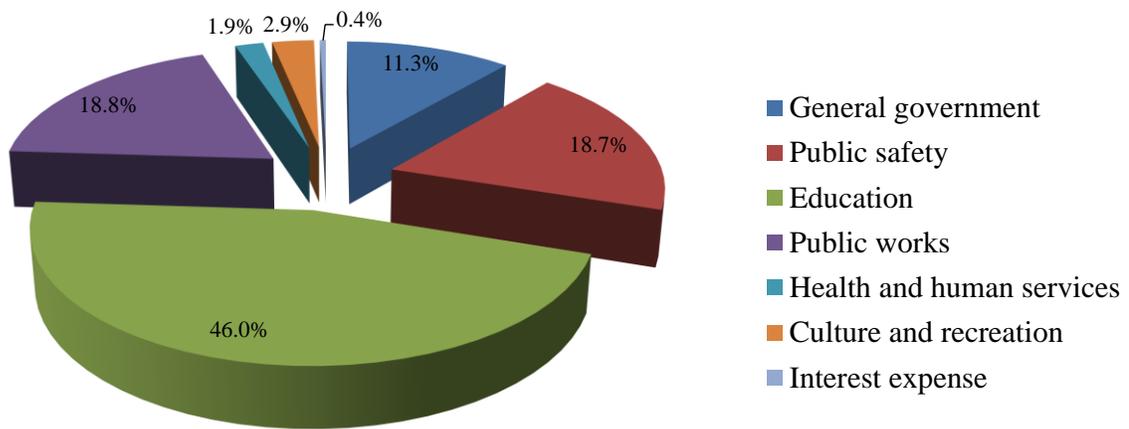
Revenues



Educational expenses continues to be an area in which the Town devotes substantial resources. Education costs represented the area of largest disbursement for the Town as approximately 46.0% of total disbursements related to education which is consistent with 47.1% in the prior year. The Town is a member of 2 regional school districts and disbursements to these school districts represent all of the Town’s educational costs. In addition, the Town is required under State law to fund minimum net school spending costs. Public Safety expenses represented 18.7% of total expenses, consistent with the prior year at 18.8% as operations were consistent from year to year. Public Works expenses represented approximately 18.8% of total expenses down slightly from 19.1% in the previous year as these operations were also consistent from year to year.

No other expenses represented greater than 10.0% of total expenses in either fiscal 2014 or 2013 as General Government expenses represents numerous minor administrative expenses.

Expenses



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

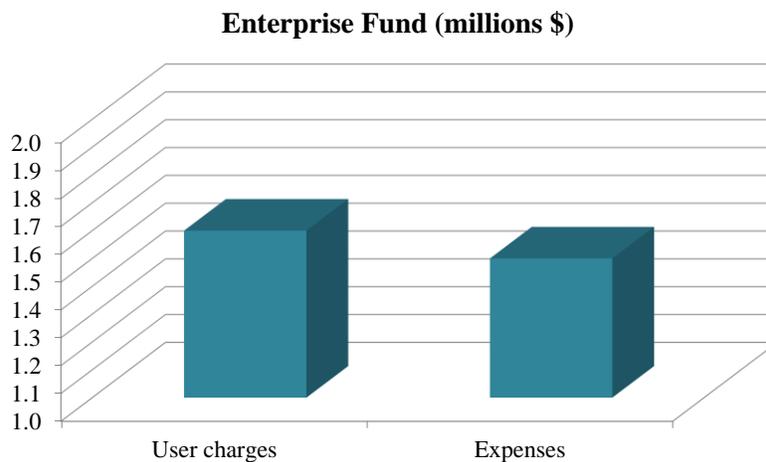
As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance of approximately \$6.3 million, a decrease of approximately \$1.0 million over the prior year.

Decreases of over \$2.2 million due to construction costs in the Senior Center Project and over \$0.2 million in the aggregate Nonmajor Funds were offset by increases in the General Fund of \$1.4 that resulted from favorable operating results.

Unassigned fund balance in the general fund was approximately \$6.4 million or 35.2% of general fund expenditures. This is available for spending at the government’s discretion. Assigned fund balance of \$25,000; and committed fund balance of approximately \$0.7 million bring total general fund balances to \$7.1 million or 39.4% of general fund expenditures.

The remainder of governmental fund balances are included as unassigned fund deficit in the Senior Center Project of \$2.3 million and Combined Nonmajor Fund Balances classified as either (1) non-spendable, due to being the corpus of an endowment in the amount of \$0.3 million; (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$1.8 million and (3) unassigned fund deficit of \$0.7 million.

Proprietary funds – The Town’s proprietary funds are made up of the same type of information found in the government-wide financial statements under business-type activities, but in more detail. The following graph summarizes total revenue and expense relationships during the year.



Fiduciary Fund – The Town’s fiduciary fund is comprised primarily of the Town’s Private Purpose Trust Funds whose net assets are approximately \$0.3 million. These assets are used strictly for purposes outside of the public domain such as scholarships and public assistance and increased by about \$17,000 over the prior year due to earnings on available holdings.

General Fund Budgetary Highlights

Differences between the original budget and the final amended were for the most part not significant (less than 1%).

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to the report.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to approximately \$58.1 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$2.0 million. This investment in capital

assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total increase is due to capital investments exceeding depreciation for the year.

Additional information on the Town's capital assets can be found in Note II subsection D.

Long-term Debt – At the end of the current fiscal year, the Town had total debt outstanding of approximately \$3.3 million, a decrease of approximately \$0.9 million from the prior year. The entire amount comprises debt backed by the full faith and credit of the government. This decrease was due to regular scheduled maturities of over \$0.5 million in governmental activities and almost \$0.4 million in business-type activities.

The Town's most recent credit evaluation resulted in an "AA+" rating from Standard and Poor's Investment Services for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the Town is approximately \$42.8 million, which is significantly in excess of the Town's outstanding general obligation debt classified as inside the debt limit.

Bond anticipation notes payable balances outstanding at year-end amount to approximately \$4.3 million. \$2.6 million of this amount relates to the Senior Center Project; \$0.8 million relates to fire apparatus and other miscellaneous governmental purposes; the remainder relates to water infrastructure.

Additional information on the Town's short-term and long-term debt can be found in Note II under subsections E, F and G.

Economic Factors and Next Year's Budgets and Rates

- The Town's unemployment rates have improved over the last 24 months however rates are still marginally higher than rates in place before the recession began in 2009 and have not kept pace with State and National averages. While the improvement is encouraging, attaining historic levels is still a challenge.
- The Town's real estate and property tax base is made up predominantly of residential taxes, which comprise nearly 81.9% of the Town's real estate and property tax base. The Town also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 13.0 % of the Town's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy plus new growth.
- The Town's housing market has stabilized and much of the housing stock is still in affordable ranges. The average single family home is valued at about \$220,000 resulting in an average tax bill of \$4,364 which is lower than the State average of \$5,000. The Town's tax rate is \$18.98 per \$1,000 of value for fiscal 2014.
- The Town has responded well to the recent economic challenges. Reductions in local revenue, primarily interest income and other reductions in revenue have caused the Town to aggressively seek other revenue producing initiatives in order to maintain appropriations in ways that preserve local service levels.
- All of the above items were considered when the Town developed its budget for fiscal year 2015. The budget was adopted in May 2014 and the Town expects its tax rate to be certified in December 2014.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Treasurer, 11 South Street, Westminster, Massachusetts 01473.

Basic Financial Statements



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TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 9,204,659	\$ 2,422,535	\$ 11,627,194
Investments	866,814	-	866,814
Receivables (net of allowance for doubtful accounts):			
Property taxes	385,521	-	385,521
User fees	-	852,980	852,980
Betterments	-	279,866	279,866
Departmental and other	1,116,668	-	1,116,668
Intergovernmental	179,683	260,188	439,871
Capital assets, not being depreciated	12,252,887	114,966	12,367,853
Capital assets, net of accumulated depreciation	<u>38,787,031</u>	<u>6,956,597</u>	<u>45,743,628</u>
Total Assets	<u>62,793,262</u>	<u>10,887,132</u>	<u>73,680,394</u>
Deferred Outflows of Financial Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Warrants and accounts payable	557,325	132,251	689,576
Other liabilities	146,320	-	146,320
Bond anticipation notes	3,427,575	900,000	4,327,575
Noncurrent liabilities:			
Due within one year	466,204	394,333	860,537
Due in more than one year	4,422,001	1,910,496	6,332,497
Total Liabilities	<u>9,019,425</u>	<u>3,337,080</u>	<u>12,356,505</u>
Deferred Inflows of Financial Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Invested in capital assets	49,929,918	4,902,196	54,832,114
Restricted:			
Perpetual permanent funds	295,597	-	295,597
Expendable permanent funds	121,639	-	121,639
Ambulance	638,477	-	638,477
Transfer station	561,452	-	561,452
Gifts and donations	134,859	-	134,859
Other purposes	117,216	-	117,216
Unrestricted	<u>1,974,679</u>	<u>2,647,856</u>	<u>4,622,535</u>
Total Net Position	<u>\$ 53,773,837</u>	<u>\$ 7,550,052</u>	<u>\$ 61,323,889</u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,299,786	\$ 196,252	\$ 115,295	\$ 63,998	\$ (1,924,241)		\$ (1,924,241)
Public safety	3,799,848	578,096	23,544	-	(3,198,208)		(3,198,208)
Education	9,339,211	-	7,791	-	(9,331,420)		(9,331,420)
Public works	3,824,053	403,075	6,175	550,587	(2,864,216)		(2,864,216)
Health and human services	392,094	139,947	77,647	-	(174,500)		(174,500)
Culture and recreation	579,209	5,980	15,012	-	(558,217)		(558,217)
Interest expense	80,581	-	-	-	(80,581)		(80,581)
Total governmental activities	20,314,782	1,323,350	245,464	614,585	(18,131,383)		(18,131,383)
Business-type activities:							
Water	555,767	712,089	55,976	-		\$ 212,298	212,298
Sewer	1,004,735	873,877	47,382	-		(83,476)	(83,476)
Total business-type activities	1,560,502	1,585,966	103,358	-		128,822	128,822
Total Primary Government	\$ 21,875,284	\$ 2,909,316	\$ 348,822	\$ 614,585	(18,131,383)	128,822	(18,002,561)
General Revenues:							
Property taxes					15,565,988	-	15,565,988
Motor vehicle and other excise					1,175,175	-	1,175,175
Intergovernmental					811,623	37,376	848,999
Penalties and interest on taxes					182,228	-	182,228
Investment income					12,575	5,238	17,813
Landfill host fees					1,018,307	-	1,018,307
Transfers (net)					114,360	(114,360)	-
Total general revenues and transfers					18,880,256	(71,746)	18,808,510
Change in Net Position					748,873	57,076	805,949
Net Position:							
Beginning of year					53,024,964	7,492,976	60,517,940
End of year					\$ 53,773,837	\$ 7,550,052	\$ 61,323,889

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Funds	Senior Center Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources:				
Assets:				
Cash and cash equivalents	\$ 6,939,331	\$ 437,675	\$ 1,827,653	\$ 9,204,659
Investments	387,132	-	479,681	866,813
Receivables (net allowance for doubtful accounts):				
Real and personal property	385,521	-	-	385,521
Other	667,922	-	312,655	980,577
Landfill host fees	136,091	-	-	136,091
Intergovernmental	-	-	179,683	179,683
Due from other funds	103,247	-	-	103,247
Total Assets	<u>8,619,244</u>	<u>437,675</u>	<u>2,799,672</u>	<u>11,856,591</u>
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 8,619,244</u>	<u>\$ 437,675</u>	<u>\$ 2,799,672</u>	<u>\$ 11,856,591</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Warrants and accounts payable	\$ 374,655	\$ -	\$ 182,671	\$ 557,326
Accrued payroll and withholdings	39,840	-	-	39,840
Retainage	-	104,225	-	104,225
Other liabilities	2,255	-	-	2,255
Due to other funds	-	-	103,247	103,247
Bond anticipation notes payable	-	2,606,800	820,775	3,427,575
Total Liabilities	<u>416,750</u>	<u>2,711,025</u>	<u>1,106,693</u>	<u>4,234,468</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	385,521	-	-	385,521
Unavailable revenue - other	667,922	-	312,655	980,577
Total Deferred Inflows of Resources	<u>1,053,443</u>	<u>-</u>	<u>312,655</u>	<u>1,366,098</u>
Fund Balances:				
Nonspendable	-	-	295,597	295,597
Restricted	-	-	1,752,423	1,752,423
Committed	732,300	-	-	732,300
Assigned	25,760	-	-	25,760
Unassigned	6,390,991	(2,273,350)	(667,696)	3,449,945
Total Fund Balances	<u>7,149,051</u>	<u>(2,273,350)</u>	<u>1,380,324</u>	<u>6,256,025</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,619,244</u>	<u>\$ 437,675</u>	<u>\$ 2,799,672</u>	<u>\$ 11,856,591</u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total Governmental Fund Balances	\$ 6,256,025
Capital assets used in governmental activities are not financial resources and therefore are not reported in the government funds.	51,039,918
Other long-term assets are not available to pay for current-period expenditures and are therefore unavailable in the government funds.	1,366,098
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the government funds:	
Bonds and notes payable	(1,110,000)
Compensated absences	(192,408)
Other postemployment benefits	<u>(3,585,796)</u>
Net Position of Governmental Activities	<u><u>\$ 53,773,837</u></u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Funds	Senior Center Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 15,593,139	\$ -	\$ -	\$ 15,593,139
Intergovernmental	882,821	-	700,785	1,583,606
Motor vehicle and other excises	1,142,011	-	-	1,142,011
Licenses and permits	258,340	-	-	258,340
Departmental and other revenue	307,565	-	626,589	934,154
Landfill revenue sharing	1,018,307	-	-	1,018,307
Penalties and interest on taxes	182,228	-	-	182,228
Fines and forfeitures	103,805	-	-	103,805
Investment income	11,151	-	1,424	12,575
Contributions and donations	-	-	86,414	86,414
Total Revenues	<u>19,499,367</u>	<u>-</u>	<u>1,415,212</u>	<u>20,914,579</u>
Expenditures:				
Current:				
General government	1,504,809	-	291,762	1,796,571
Public safety	2,864,183	-	600,708	3,464,891
Education	9,331,420	-	-	9,331,420
Public works	1,903,449	-	757,929	2,661,378
Health and human services	293,526	2,257,022	13,897	2,564,445
Culture and recreation	377,260	-	15,717	392,977
Fringe benefits	1,187,836	-	-	1,187,836
Debt service:				
Principal paydown	543,348	-	-	543,348
Interest expense	80,581	-	-	80,581
State and county tax assessments	58,525	-	-	58,525
Total Expenditures	<u>18,144,937</u>	<u>2,257,022</u>	<u>1,680,013</u>	<u>22,081,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,354,430</u>	<u>(2,257,022)</u>	<u>(264,801)</u>	<u>(1,167,393)</u>
Other Financing Sources (Uses):				
Transfers in	589,329	26,700	291,811	907,840
Transfers out	(522,242)	-	(271,238)	(793,480)
Total Other Financing Sources (Uses)	<u>67,087</u>	<u>26,700</u>	<u>20,573</u>	<u>114,360</u>
Net Change in Fund Balances	1,421,517	(2,230,322)	(244,228)	(1,053,033)
Fund Balances - Beginning (as restated see III. G)	5,727,534	(43,028)	1,624,552	7,309,058
Fund Balances - Ending	<u><u>\$ 7,149,051</u></u>	<u><u>\$ (2,273,350)</u></u>	<u><u>\$ 1,380,324</u></u>	<u><u>\$ 6,256,025</u></u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2014**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ (1,053,033)**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and depreciated over their estimated useful lives.

The following are the differences due to the difference in accounting methodology:

Cost of Capital additions	3,672,131	
Depreciation	<u>(1,937,505)</u>	1,734,626

The issuance of long-term debt 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 has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unearned and amortized in the Statement of Activities.

The following are the differences due to the difference in accounting methodology:

Repayments of existing debt		545,000
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Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue.

33,064

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

Compensated absences	154,598	
Other Postemployment Benefits	<u>(665,382)</u>	(510,784)

Change in Net Position of Governmental Activities **\$ 748,873**

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,183,480	\$ 1,239,055	\$ 2,422,535
Receivables (net of allowance for doubtful accounts):			
User charges	404,165	448,815	852,980
Betterments	-	3,117	3,117
Intergovernmental	31,167	-	31,167
Total current assets	<u>1,618,812</u>	<u>1,690,987</u>	<u>3,309,799</u>
Noncurrent assets:			
Receivables (net of allowance for doubtful accounts):			
Betterments	-	276,749	276,749
Intergovernmental	229,021	-	229,021
Capital assets, not being depreciated	114,966	-	114,966
Capital assets, net of accumulated depreciation	<u>2,803,324</u>	<u>4,153,273</u>	<u>6,956,597</u>
Total noncurrent assets	<u>3,147,311</u>	<u>4,430,022</u>	<u>7,577,333</u>
Total Assets	<u>4,766,123</u>	<u>6,121,009</u>	<u>10,887,132</u>
Liabilities:			
Current liabilities:			
Warrants and accounts payable	27,272	104,979	132,251
Bond Anticipation Note Payable	900,000	-	900,000
Bonds and notes payable	118,981	271,890	390,871
Compensated absences	1,731	1,731	3,462
Total current liabilities	<u>1,047,984</u>	<u>378,600</u>	<u>1,426,584</u>
Noncurrent liabilities:			
Bonds and notes payable	810,860	967,636	1,778,496
Other postemployment benefits	66,000	66,000	132,000
Total noncurrent liabilities	<u>876,860</u>	<u>1,033,636</u>	<u>1,910,496</u>
Total Liabilities	<u>1,924,844</u>	<u>1,412,236</u>	<u>3,337,080</u>
Net Position:			
Invested in capital assets	1,988,449	2,913,747	4,902,196
Unrestricted	<u>852,830</u>	<u>1,795,026</u>	<u>2,647,856</u>
Total Net Position	<u>\$ 2,841,279</u>	<u>\$ 4,708,773</u>	<u>\$ 7,550,052</u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating Revenues:			
Charges for services	\$ 712,089	\$ 873,877	\$ 1,585,966
Other	55,976	47,382	103,358
Total Operating Revenues	<u>768,065</u>	<u>921,259</u>	<u>1,689,324</u>
Operating Expenses:			
Operating costs	358,847	808,274	1,167,121
Depreciation	139,209	138,408	277,617
Total Operating Expenses	<u>498,056</u>	<u>946,682</u>	<u>1,444,738</u>
Operating Income (Loss)	<u>270,009</u>	<u>(25,423)</u>	<u>244,586</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	37,376	-	37,376
Interest income	1,826	3,412	5,238
Interest expense	(57,711)	(58,053)	(115,764)
Total Nonoperating Revenues (Expenses)	<u>(18,509)</u>	<u>(54,641)</u>	<u>(73,150)</u>
Income (Loss) Before Transfers	251,500	(80,064)	171,436
Transfers in	20,218	183,513	203,731
Transfers out	(176,500)	(141,591)	(318,091)
Transfers - net	<u>(156,282)</u>	<u>41,922</u>	<u>(114,360)</u>
Change in Net Position	95,218	(38,142)	57,076
Net Position - Beginning	<u>2,746,061</u>	<u>4,746,915</u>	<u>7,492,976</u>
Net Position - Ending	<u>\$ 2,841,279</u>	<u>\$ 4,708,773</u>	<u>\$ 7,550,052</u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities:			
Receipts from users	\$ 804,954	\$ 975,225	\$ 1,780,179
Payments employees	(90,052)	(69,551)	(159,603)
Payments to vendors	(246,120)	(754,400)	(1,000,520)
Net Cash Provided by Operating Activities	<u>468,782</u>	<u>151,274</u>	<u>620,056</u>
Cash Flows from Noncapital Related Financing Activities:			
Transfers in	20,218	183,513	203,731
Transfers out	(176,500)	(141,591)	(318,091)
Net Cash (Used for) Provided by Noncapital Related Financing Activities	<u>(156,282)</u>	<u>41,922</u>	<u>(114,360)</u>
Cash Flows from Capital and Related Financing Activities:			
Receipts from betterments		80,778	80,778
Government subsidy	66,935	-	66,935
Purchase or construction of fixed assets	(505,446)	(23,390)	(528,836)
Paydown of bond anticipation notes	(1,000,000)	-	(1,000,000)
Issuance of bond anticipation notes	900,000	-	900,000
Principal payments on bonds and notes	(115,601)	(271,160)	(386,761)
Interest expense	(57,711)	(58,053)	(115,764)
Net Cash Used for Capital and Related Financing Activities	<u>(711,823)</u>	<u>(271,825)</u>	<u>(983,648)</u>
Cash Flows from Investing Activities:			
Interest income	1,826	3,412	5,238
Net Cash Provided by Investing Activities	<u>1,826</u>	<u>3,412</u>	<u>5,238</u>
Net Change in Cash and Cash Equivalents	<u>(397,497)</u>	<u>(75,217)</u>	<u>(472,714)</u>
Cash and Cash Equivalents:			
Beginning of year	1,580,977	1,314,272	2,895,249
End of year	<u>\$ 1,183,480</u>	<u>\$ 1,239,055</u>	<u>\$ 2,422,535</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating income (loss)	\$ 270,009	\$ (25,423)	\$ 244,586
Depreciation expense	139,209	138,408	277,617
Changes in assets and liabilities:			
Receivables	36,889	53,966	90,855
Accounts payable and accrued expenses	22,675	(15,677)	6,998
Net Cash Provided by Operating Activities	<u>\$ 468,782</u>	<u>\$ 151,274</u>	<u>\$ 620,056</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2014

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 344,163	\$ 387,252
	<u> </u>	<u> </u>
Total Assets	<u>344,163</u>	<u>387,252</u>
Liabilities:		
Warrants payable	-	1,800
Special details	-	11,187
Planning board deposits	-	374,265
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>387,252</u>
Net Position:		
Held in trust for other purposes	344,163	-
	<u> </u>	<u> </u>
Total Net Position	<u><u>\$ 344,163</u></u>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>Private Purpose Trust Funds</u>
Additions:	
Investment income	\$ 19,321
Total Additions	<u>19,321</u>
Deductions:	
Scholarships and assistance	<u>2,462</u>
Total Deductions	<u>2,462</u>
Change in Net Position	16,859
Net Position - Beginning	<u>327,304</u>
Net Position- Ending	<u><u>\$ 344,163</u></u>

See accompanying notes to basic financial statements.

TOWN OF WESTMINSTER, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local governmental entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town is located in Worcester County, approximately 55 miles northeast of Boston. The Town was incorporated in 1759. The governing structure utilizes an open Town Meeting form, with an elected three-member Board of Selectmen, and an appointed Town Administrator who performs and oversees the daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including police and fire protection, public education in grades K-12 via regional school districts, water and sewer services, street maintenance, parks and recreational facilities. The water and sewer services are funded almost entirely with user charges.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. Pursuant to these criteria there are no component units required to be included in the financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units where applicable. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element for all funds of that category or type, and

- 2) The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

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

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

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

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year and are material. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

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.

Senior Center Project – was established to account for the construction expenditures and other related costs associated with the Town’s new senior center.

Nonmajor Governmental Fund - consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

The *Special Revenue Funds* – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *Capital Project Funds* – are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

The *Permanent Funds* – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the water activities are processed.

Sewer Enterprise Fund – accounts for user charges collected to finance costs associated with maintaining the related infrastructure within the Town boundaries by which the sewer activities are processed.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity for others that may not be used for governmental programs.

The government reports the following fiduciary funds:

Private-Purpose Trust Fund – is used to account for trust arrangements under which the principal and income benefit individuals, private organizations or other governments. This fund is used for needy citizen benefit funds.

Agency Fund – is used to account for assets held in a purely custodial capacity. This fund is primarily used for private public safety details and developer deposits. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Town are reported at fair value.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in fiscal year of the levy. The Town is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand for payment of the delinquent taxes.

User charges receivables represent amounts billed for water and sewer fees. Water and sewer charges are billed quarterly and are subject to penalties and interest if not paid by the respective due date. The Town is authorized to take water and sewer fees into tax title fourteen days subsequent to the mailing of a demand for payment of the delinquent taxes.

Real estate taxes and water and sewer user fees may be secured through a lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property taxes and excise taxes are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old. The allowance for uncollectible balances for other receivables is estimated based on historical trends and specific account analysis.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	50 years
Machinery, equipment and vehicles	3-25 years
Infrastructure	25-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities.

Investment Income – Investment income derived from nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary and permanent funds is retained in the respective funds.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Net Position – In the government-wide financial statements, net position reported as “Net invested in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt and outstanding debt related to future state reimbursements for capital construction costs are not considered to be capital related debt.

Net position are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted for* the following:

Perpetual permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable permanent funds represent amounts held in trust whereby expenditures are subject to various trust agreements.

Ambulance represents balances accumulated from user charges associated with the Town's ambulance activities; these amounts are restricted for costs related to administering the ambulance activity.

Transfer station represents balances accumulated from the fees associated with the Town's solid waste activities; these amounts are restricted for the costs associated with this activity.

Gifts and donations represent balances that are restricted by donors and other outside parties for specific governmental programs and uses.

Other purposes represent balances that are restricted by state laws for specific governmental programs and uses.

Fund Equity – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned as described below:

Non-spendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Meeting through Town Meeting Votes, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (through Town Meeting Votes) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Town Meeting, Board of Selectmen or their designee, who is the Town Accountant.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as

they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed. The Town has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Fund – The Town maintains several stabilization funds which may be used for any municipal purpose upon a two-thirds vote of the Town Meeting. The balances total \$3,042,977 at June 30, 2014 and are reported as unassigned fund balance in the General Fund.

Encumbrances - The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Accountant as assigned, and (2) classify encumbrances that result from an action of the Town Meeting as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately.

The following table reflects the Town's fund equity categorizations in accordance with GASB 54:

	General	Senior Center Project	Nonmajor Governmental Funds	Total
Non-Spendable:				
Perpetual permanent funds	\$ -	\$ -	\$ 295,597	\$ 295,597
Restricted:				
General government	-	-	311,701	311,701
Public safety	-	-	674,461	674,461
Education	-	-	2,319	2,319
Public works	-	-	656,670	656,670
Health and human services	-	-	11,843	11,843
Culture and recreation	-	-	95,429	95,429
Committed:				
General government	409,584	-	-	409,584
Public safety	132,329	-	-	132,329
Education	79,977	-	-	79,977
Public works	110,410	-	-	110,410
Assigned:				
General government	15,518	-	-	15,518
Public Safety	4,828	-	-	4,828
Public Works	40	-	-	40
Health and human services	871	-	-	871
Culture and recreation	3,740	-	-	3,740
Pension and fringe benefits	763	-	-	763
Unassigned	6,390,991	(2,273,350)	(667,696)	3,449,945
Totals	\$ 7,149,051	\$ (2,273,350)	\$ 1,380,324	\$ 6,256,025

E. Excess of Expenditures Over Appropriations and Deficits

The Town incurred deficits in its capital projects funds, classified as nonmajor governmental funds, totaling \$567,307 and deficits in its Senior Center Project totaling \$2,273,352. These deficits will be funded through bond proceeds during future fiscal years. In addition, deficits in two grant accounts, totaling \$100,389 are expected to be reimbursed through future grant reimbursements or raised through taxation if costs are determined ineligible for reimbursement.

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool ("the Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

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

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of the Town's deposits was \$11,929,971 and the bank balance was \$11,951,599. Of the Town's bank balance, \$5,891,313 was covered by either federal depository insurance or by the depositors' insurance fund, \$2,597,271 was collateralized; and the remainder, \$3,463,015, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings.

The Town's investments of \$428,638 in the MMDT, are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

United States governmental obligations totaling \$794,658 are exposed to custodial credit risk because the related securities are uninsured unregistered and are held by the counterparty.

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a way of managing its exposure to fair value losses arising from rising interest rates.

Concentration of Credit Risk – The Town does not place a limit on the amount that may be invested in any one issuer. The Town has 57% of its investments in United States Government backed securities and 31% invested in MMDT.

Credit Risk – The Town has not adopted a formal policy related to credit risk. Standard and Poor's Investor Service Inc. rated all debt securities.

The following is a schedule of classification and maturity for monetary investments held by the Town as of June 30, 2014:

Investment Type	Fair Value	Time Until Maturity (Years)		
		Less Than 1	1-5	6-10
United States government obligations	\$ 794,658	\$ 119,858	\$ 571,467	\$ 103,333
Certificates of Deposit	105,112	-	105,112	-
Total Investments with Maturities	899,770	\$ 119,858	\$ 676,579	\$ 103,333
<u>Other Investments:</u>				
Mutual Funds	72,156			
State Treasurer's Investment Pool	428,638			
Total Town Investments	\$ 1,400,564			
	United States Government Agencies	Certificates Of Deposit	Total	
AA+	\$ 794,658	\$ -	\$ 794,658	
Not Rated	-	105,112	105,112	
Total	\$ 794,658	\$ 105,112	\$ 899,770	

B. Receivables

Receivables as of year-end for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 385,521	\$ -	\$ 385,521
Tax liens and foreclosures	565,232	-	565,232
Excise	102,690	-	102,690
Departmental and other	312,655	-	312,655
Landfill host fees	136,091	-	136,091
Intergovernmental	179,683	-	179,683
Total Governmental Receivables	<u>\$ 1,681,872</u>	<u>\$ -</u>	<u>\$ 1,681,872</u>

Receivables as of year-end for Town's proprietary funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water user charges	\$ 404,165	\$ -	\$ 404,165
Intergovernmental	260,188	-	260,188
Total Water Fund	<u>664,353</u>	<u>-</u>	<u>664,353</u>
Sewer user charges	448,815	-	448,815
Sewer betterments	279,866	-	279,866
Total Sewer Fund	<u>728,681</u>	<u>-</u>	<u>728,681</u>
Total Business-Type Receivables	<u>\$ 1,393,034</u>	<u>\$ -</u>	<u>\$ 1,393,034</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 385,521	\$ -	\$ 385,521
Tax liens and foreclosures	565,232	-	565,232
Excise	102,690	-	102,690
Departmental and other	-	312,655	312,655
Total Deferred Revenues	<u>\$ 1,053,443</u>	<u>\$ 312,655</u>	<u>\$ 1,366,098</u>

Landfill Host Fees – The Town is currently under agreement with a private third party to provide solid waste management services to the Town. In connection with this agreement, the Town has allowed the private third party to operate the Town’s Landfill as a tipping site for disposal of the solid waste collected. Pursuant to this agreement, the Town is paid a percentage of the revenue collected in addition to transferring the Town’s obligation to cover the landfill and provide for post-closure care for a period up to 30 years.

The Town earned \$1,018,307 during fiscal year 2014 of which \$136,091 remained outstanding at June 30, 2014 and is reported in the Town’s General Fund.

Massachusetts Water Pollution Abatement Trust (MWPAT) – The Town has entered into loan agreements since 2001 with the MWPAT. The Town expects to be subsidized by MWPAT in future years on a periodic basis for principal in the amount of \$260,188 and interest costs of \$137,384 until maturity of these agreements. GAAP requires the recognition of gross debt relative to these agreements; therefore the principal amount of \$260,188 has been reflected as receivables in the Water Enterprise fund and the debt has been reported gross of the principal subsidy.

Interest subsidies are recognized as revenue as the interest expense is incurred.

Betterments – The Town has made significant improvements to the wastewater system currently under operation. Certain of these improvements were assessed back to the system user as betterments. These betterments are to be paid back to the Town over a 20 year period that coincides with the debt the Town incurred to conduct the original construction.

Currently the Town reflects receivables of \$279,866 in its Sewer Enterprise Funds outstanding balances owed from users associated with this transaction.

C. Interfund Receivables, Payables and Transfers

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

Transfers Out	Transfers In					Total	
	General Fund	Senior Center Project	Nonmajor Funds	Water Enterprise	Sewer Enterprise		
General Fund	\$ -	\$ 26,700	\$ 291,811	\$ 20,218	\$ 183,513	\$ 522,242	(1)
Nonmajor Governmental Funds	271,238	-	-	-	-	271,238	(2)
Water Enterprise Fund	176,500	-	-	-	-	176,500	(3)
Sewer Enterprise Fund	141,591	-	-	-	-	141,591	(4)
Total	<u>\$ 589,329</u>	<u>\$ 26,700</u>	<u>\$ 291,811</u>	<u>\$ 20,218</u>	<u>\$ 183,513</u>	<u>\$ 1,111,571</u>	

- (1) Transfers to nonmajor funds for capital project funding; to subsidize water and for sewer debt obligations.
- (2) Transfers to general fund to supplement operating budgets.
- (3) Transfers to general fund for indirect costs.
- (4) Transfers to general fund for indirect costs.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 9,920,555	\$ -	\$ -	\$ 9,920,555
Construction in process	107,370	2,224,962	-	2,332,332
Total capital assets not being depreciated	<u>10,027,925</u>	<u>2,224,962</u>	<u>-</u>	<u>12,252,887</u>
Capital assets being depreciated:				
Land improvements	126,066	-	-	126,066
Buildings and improvements	10,584,682	-	-	10,584,682
Infrastructure	65,108,632	482,850	-	65,591,482
Machinery, vehicles and equipment	6,093,164	964,319	-	7,057,483
Total capital assets being depreciated	<u>81,912,544</u>	<u>1,447,169</u>	<u>-</u>	<u>83,359,713</u>
Less accumulated depreciation for:				
Land improvements	(123,836)	(2,231)	-	(126,067)
Buildings and improvements	(2,333,469)	(225,472)	-	(2,558,941)
Infrastructure	(35,791,751)	(1,318,978)	-	(37,110,729)
Machinery, vehicles and equipment	(4,386,121)	(390,824)	-	(4,776,945)
Total accumulated depreciation	<u>(42,635,177)</u>	<u>(1,937,505)</u>	<u>-</u>	<u>(44,572,682)</u>
Total capital assets being depreciated, net	<u>39,277,367</u>	<u>(490,336)</u>	<u>-</u>	<u>38,787,031</u>
Governmental activities capital assets, net	<u>\$ 49,305,292</u>	<u>\$ 1,734,626</u>	<u>\$ -</u>	<u>\$ 51,039,918</u>
<i><u>Business-type Activities:</u></i>				
Capital assets not being depreciated:				
Construction in process	\$ 114,966	\$ -	\$ -	\$ 114,966
Total capital assets not being depreciated	<u>114,966</u>	<u>-</u>	<u>-</u>	<u>114,966</u>
Capital assets being depreciated:				
Buildings and improvements	436,850	-	-	436,850
Infrastructure	11,914,655	505,446	-	12,420,101
Machinery, vehicles and equipment	628,690	23,390	-	652,080
Total capital assets being depreciated	<u>12,980,195</u>	<u>528,836</u>	<u>-</u>	<u>13,509,031</u>
Less accumulated depreciation for:				
Buildings and improvements	(167,445)	(8,419)	-	(175,864)
Infrastructure	(5,570,592)	(245,718)	-	(5,816,310)
Machinery, vehicles and equipment	(536,780)	(23,480)	-	(560,260)
Total accumulated depreciation	<u>(6,274,817)</u>	<u>(277,617)</u>	<u>-</u>	<u>(6,552,434)</u>
Total capital assets being depreciated, net	<u>6,705,378</u>	<u>251,219</u>	<u>-</u>	<u>6,956,597</u>
Business-type activities capital assets, net	<u>\$ 6,820,344</u>	<u>\$ 251,219</u>	<u>\$ -</u>	<u>\$ 7,071,563</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u><i>Business-type Activities: Water</i></u>				
Capital assets not being depreciated:				
Construction in process	\$ 114,966	\$ -	\$ -	\$ 114,966
Total capital assets not being depreciated	<u>114,966</u>	<u>-</u>	<u>-</u>	<u>114,966</u>
Capital assets being depreciated:				
Buildings and improvements	436,850	-	-	436,850
Infrastructure	5,627,506	505,446	-	6,132,952
Machinery, equipment and vehicles	341,359	-	-	341,359
Total capital assets being depreciated	<u>6,405,715</u>	<u>505,446</u>	<u>-</u>	<u>6,911,161</u>
Less accumulated depreciation for:				
Buildings and improvements	(167,445)	(8,419)	-	(175,864)
Infrastructure	(3,514,852)	(120,026)	-	(3,634,878)
Machinery, equipment and vehicles	(286,331)	(10,764)	-	(297,095)
Total accumulated depreciation	<u>(3,968,628)</u>	<u>(139,209)</u>	<u>-</u>	<u>(4,107,837)</u>
Total Water capital assets being depreciated, net	<u>2,437,087</u>	<u>366,237</u>	<u>-</u>	<u>2,803,324</u>
Water capital assets, net	<u>\$ 2,552,053</u>	<u>\$ 366,237</u>	<u>\$ -</u>	<u>\$ 2,918,290</u>
<u><i>Business-type Activities: Sewer</i></u>				
Capital assets being depreciated:				
Infrastructure	\$ 6,287,149	\$ -	\$ -	\$ 6,287,149
Machinery, equipment and vehicles	287,331	23,390	-	310,721
Total capital assets being depreciated	<u>6,574,480</u>	<u>23,390</u>	<u>-</u>	<u>6,597,870</u>
Less accumulated depreciation for:				
Infrastructure	(2,055,740)	(125,692)	-	(2,181,432)
Machinery, equipment and vehicles	(250,449)	(12,716)	-	(263,165)
Total accumulated depreciation	<u>(2,306,189)</u>	<u>(138,408)</u>	<u>-</u>	<u>(2,444,597)</u>
Total Sewer capital assets being depreciated, net	<u>4,268,291</u>	<u>(115,018)</u>	<u>-</u>	<u>4,153,273</u>
Sewer capital assets, net	<u>\$ 4,268,291</u>	<u>\$ (115,018)</u>	<u>\$ -</u>	<u>\$ 4,153,273</u>
Total Business-type activities - capital assets, net	<u>\$ 6,820,344</u>	<u>\$ 251,219</u>	<u>\$ -</u>	<u>\$ 7,071,563</u>
Depreciation expense was charged to functions/programs as follows:				
<u><i>Governmental Activities:</i></u>				
General government	\$ 109,561			
Public safety	233,904			
Public works	1,508,323			
Culture and recreation	85,717			
Total Governmental Activities	<u>\$ 1,937,505</u>			
<u><i>Business-Type Activities:</i></u>				
Water	\$ 139,209			
Sewer	138,408			
Total Business-Type Activities	<u>\$ 277,617</u>			

E. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount and carry maturity dates that limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2014, are payable as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
BAN	0.49%	Matured	\$ 98,000	\$ -	\$ (98,000)	\$ -
BAN	0.49%	Matured	133,500	-	(133,500)	-
BAN	0.55%	Matured	262,500	-	(262,500)	-
BAN	0.45%	Matured	47,159	-	(47,159)	-
SAAN	0.55%	Matured	165,992	-	(165,992)	-
BAN	0.58%	10/16/14	-	1,500,000	-	1,500,000
BAN	0.50%	10/16/14	-	1,106,800	-	1,106,800
BAN	0.59%	03/20/15	-	175,000	-	175,000
BAN	0.55%	07/10/14	-	550,000	-	550,000
SAAN	0.55%	12/15/14	-	95,775	-	95,775
Total Governmental Notes			<u>707,151</u>	<u>3,427,575</u>	<u>(707,151)</u>	<u>3,427,575</u>
BAN	0.59%	Matured	1,000,000	-	(1,000,000)	-
BAN	0.55%	02/06/15	-	600,000	-	600,000
BAN	0.48%	02/06/15	-	300,000	-	300,000
Total Business-Type Notes			<u>1,000,000</u>	<u>900,000</u>	<u>(1,000,000)</u>	<u>900,000</u>
Total Notes Payable			<u>\$ 1,707,151</u>	<u>\$ 4,327,575</u>	<u>\$ (1,707,151)</u>	<u>\$ 4,327,575</u>

Short-term (BANS) issued for nonmajor governmental funds were used for the Senior Center Project (\$2,606,800), Fire Truck (\$550,000), and Capital projects relating to street redesign (\$270,775). Those issued for business-type funds were issued for water projects (\$600,000) and sewer mains (\$300,000).

F. Long-Term Obligations

Bond and Note Indebtedness – The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Governmental Activities:					
Bond and note debt	\$ 1,110,000	\$ -	\$ (545,000)	\$ 1,110,000	\$ 370,000
Compensated absences, net	347,006	192,407	(347,005)	192,408	96,204
Other postemployment benefits	2,920,415	782,707	(117,325)	3,585,797	-
Total Governmental Activities	\$ 4,377,421	\$ 975,114	\$ (1,009,330)	\$ 4,888,205	\$ 466,204
Business-type Activities: Water					
Bond and note debt	\$ 1,045,442	\$ -	\$ (115,601)	\$ 929,841	\$ 118,981
Compensated absences, net	4,235	-	(2,504)	1,731	1,731
Other postemployment benefits, net	55,000	13,000	(2,000)	66,000	-
Total Business-type Activities: Water	1,104,677	13,000	(120,105)	997,572	120,712
Business-type Activities: Sewer					
Bond and note debt	1,510,686	-	(271,160)	1,239,526	271,890
Compensated absences, net	4,235	-	(2,504)	1,731	1,731
Other postemployment benefits, net	55,000	13,000	(2,000)	66,000	-
Total Business-type Activities: Sewer	1,569,921	13,000	(275,664)	1,307,257	273,621
Total Business-type Activities: All	\$ 2,674,598	\$ 26,000	\$ (395,769)	\$ 2,304,829	\$ 394,333
Total Long-term Obligations	\$ 7,052,019	\$ 1,001,114	\$ (1,405,099)	\$ 7,193,034	\$ 860,537

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective business-type funds.

The following is a summary of outstanding long-term debt obligations as of June 30, 2014:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<u>Governmental Activities:</u>					
General obligation bonds	4.00 - 5.00%	\$ 1,655,000	\$ -	\$ (545,000)	\$ 1,110,000
Total Governmental Activities		\$ 1,655,000	\$ -	\$ (545,000)	\$ 1,110,000
<u>Business-type Activities - Water</u>					
General obligation bonds (via Fitchburg)	2.00-4.15%	\$ 74,574	\$ -	\$ (8,286)	\$ 66,288
Massachusetts Water Pollution Abatement Trust	variable	970,868	-	(107,315)	863,553
Total Water		1,045,442	-	(115,601)	929,841
<u>Business-type Activities - Sewer</u>					
General obligation bonds	2.00 - 4.15%	1,400,000	-	(235,000)	1,165,000
Massachusetts Water Pollution Abatement Trust	2.00%	110,686	-	(36,160)	74,526
Total Sewer		1,510,686	-	(271,160)	1,239,526
Total Business-type Activities		\$ 2,556,128	\$ -	\$ (386,761)	\$ 2,169,367
Total Bond and Note Debt		\$ 4,211,128	\$ -	\$ (931,761)	\$ 3,279,367

Future Debt Payoff - Payments on general long-term debt obligation bonds due in future years consist of the following:

Year Ending June 30	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Governmental Activities</i>							
2015	\$ 370,000	\$ -	\$ 370,000	\$ 48,100	\$ -	\$ 48,100	\$ 418,100
2016	370,000	-	370,000	29,600	-	29,600	399,600
2017	370,000	-	370,000	14,800	-	14,800	384,800
Total	<u>\$ 1,110,000</u>	<u>\$ -</u>	<u>\$ 1,110,000</u>	<u>\$ 92,500</u>	<u>\$ -</u>	<u>\$ 92,500</u>	<u>\$ 1,202,500</u>
<i>Business-type Activities: Water</i>							
2015	\$ 118,981	\$ (31,167)	\$ 87,814	\$ 46,320	\$ (33,477)	\$ 12,843	\$ 100,657
2016	123,206	(33,117)	90,089	39,970	(29,155)	10,815	100,904
2017	126,586	(34,896)	91,690	33,407	(24,924)	8,483	100,173
2018	131,656	(36,980)	94,676	26,278	(20,299)	5,979	100,655
2019	135,881	(39,153)	96,728	18,889	(15,488)	3,401	100,129
2020-2024	293,531	(84,875)	208,656	16,030	(14,041)	1,989	210,645
Total	<u>\$ 929,841</u>	<u>\$ (260,188)</u>	<u>\$ 669,653</u>	<u>\$ 180,894</u>	<u>\$ (137,384)</u>	<u>\$ 43,510</u>	<u>\$ 713,163</u>
<i>Business-type Activities: Sewer</i>							
2015	\$ 271,890	\$ -	\$ 271,890	\$ 47,829	\$ -	\$ 47,829	\$ 319,719
2016	272,636	-	272,636	38,036	-	38,036	310,672
2017	235,000	-	235,000	28,260	-	28,260	263,260
2018	230,000	-	230,000	18,860	-	18,860	248,860
2019	230,000	-	230,000	9,545	-	9,545	239,545
Total	<u>\$ 1,239,526</u>	<u>\$ -</u>	<u>\$ 1,239,526</u>	<u>\$ 142,530</u>	<u>\$ -</u>	<u>\$ 142,530</u>	<u>\$ 1,382,056</u>
<i>Business-type Activities: Total All</i>							
2015	\$ 390,871	\$ (31,167)	\$ 359,704	\$ 94,149	\$ (33,477)	\$ 60,672	\$ 420,376
2016	395,842	(33,117)	362,725	78,006	(29,155)	48,851	411,576
2017	361,586	(34,896)	326,690	61,667	(24,924)	36,743	363,433
2018	361,656	(36,980)	324,676	45,138	(20,299)	24,839	349,515
2019	365,881	(39,153)	326,728	28,434	(15,488)	12,946	339,674
2020-2024	293,531	(84,875)	208,656	16,030	(14,041)	1,989	210,645
Total	<u>\$ 2,169,367</u>	<u>\$ (260,188)</u>	<u>\$ 1,909,179</u>	<u>\$ 323,424</u>	<u>\$ (137,384)</u>	<u>\$ 186,040</u>	<u>\$ 2,095,219</u>

As of June 30, 2014, the Town had \$300,000 in authorized and unissued debt that was authorized for Septic Loan Program.

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, the Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

III. Other Information

A. Retirement System

Retirement System Description – The Town contributes to the Worcester Regional Retirement System (the “System”), a multiple-employer defined benefit pension plan established under Chapter 32 of the Commonwealth of Massachusetts General Laws (“MGL”) and administered by Worcester Regional Retirement Board (the “Board”).

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund directly. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ Public Employee Retirement Administration Commission (“PERAC”) that includes financial statements and required supplementary information. The report may be obtained by writing to the Board at Worcester Regional Retirement System, 2 Main Street, Worcester, MA 01608.

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 for its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the Town are governed by Chapter 32 of the MGL. The Town’s contributions to the System for the fiscal years ended June 30, 2014, 2013, and 2012 were \$493,272, \$512,338, and \$456,988 which equaled its required contribution for each year. Schedules of funding progress and contribution funding are included as required supplementary information.

B. Massachusetts Teachers’ Retirement System

Former teachers and school administrative employees participate in a contributory retirement system administered by the Massachusetts Teachers Retirement Board. Contributions to that system totaled \$7,791 for the fiscal year and were made entirely by the Commonwealth of Massachusetts, on behalf of the Town, which does not contribute directly to this system.

C. Risk Financing

The Town is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town also carries premium based insurance through commercial carriers for various employee benefits including health, worker’s compensation, and unemployment compensation. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

D. Other Postemployment-Employment Benefits (OPEB)

Plan Description – In addition to the pension benefits previously described, the Town provides health and life insurance benefits to current and future retirees, their dependents and beneficiaries (hereinafter referred to as the “Plan”) in accordance with Massachusetts General Law Chapter 32B. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law, and Town ordinance. All benefits are provided through the Town’s insurance program. The Plan does not issue a stand – alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The number of participants in the Plan consists of 66 active employees and 14 retired employees with 9 spouses for a total of 89 participants.

Funding Policy - The contribution requirements of Plan members and the Town are established and may be amended by the Town. Retirees contribute 50% of the calculated contribution and the remainder of the cost is funded by the Town. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Town’s annual OPEB cost is calculated based on the annual required contribution “ARC” of the employer, an actuarially determined amount that is calculated in accordance with GASB 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 liabilities over a period not to exceed thirty years. The following table reflects the activity regarding the Town’s OPEB obligation:

Annual required contribution (ARC)	\$ 831,480
Interest on net OPEB obligation	121,216
Adjustment to ARC	<u>(143,989)</u>
Annual OPEB Cost	\$ 808,707
Contributions made	<u>(121,325)</u>
Increase in net OPEB obligation	687,382
Net OPEB obligation at beginning of year	<u>3,030,415</u>
Net OPEB obligation at end of year	<u>\$ 3,717,797</u>

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011	\$ 702,081	15.7%	\$ 1,709,630
June 30, 2012	727,733	10.5%	2,360,895
June 30, 2013	767,862	12.8%	3,030,415
June 30, 2014	808,707*	15.0%	3,717,797

* The AOPEBC was charged to the following functional programs: General Government \$217,876; Public Safety \$353,287; Public Works \$158,864; and Culture and Recreation \$52,680. In the Business-Type Funds, Sewer and Water activities were charged \$11,000 each.

Funding Status and Funding Progress – The funded status of the Plan at June 30, 2014 for the most recent actuarial valuation performed as of July 1, 2011, was as follows:

Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age Normal Cost B	Unfunded AAL (UAAL) (B – A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 6,805,222	\$ 6,805,222	0.00%	\$ 3,410,312	199.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funded status of the Plan and the ARC of the employer are subject to continual revision as estimates are compared to actual results and past expectations.

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

The significant methods and assumptions as of the latest valuation are as follows:

Funding interest rate	4.0%
Projected annual payroll increase	2.5%
2011 medical/drug trend rate	9.0%
Ultimate medical/drug trend rate	5.0%
Year ultimate medical/drug trend rate reached	2017
Remaining amortization period	30 years as of June 30, 2011
Actuarial cost method	Entry Age Normal

E. Commitments and Contingencies – The Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2014.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

F. Landfill Closure and Post-Closure Care Costs

The Town's landfill is operated by a private company. Under the agreement with the private company, the Town shares in the revenue of the operation. In fiscal year 2014, the Town realized approximately \$1.0 million for its share of the activity. In addition, pursuant to the agreement, the responsibility of covering the landfill and the post closure care costs are the responsibility of the private company. In the event the private company is unable to meet this obligation, the ultimate responsibility lies with the Town. No provision has been made in the Town's financial statement for this potential cost.

G. Prior-period restatement

Beginning fund balances of the Nonmajor Governmental Funds were increased by \$43,028 and beginning fund balances of the Senior Center Project were reduced \$43,028 in order to establish the Senior Center Project as a major fund in the current year.

IV. Implementation of New GASB Pronouncements

Current Year Implementations –

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement are effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In March 2012, the GASB issued GASB Statement No. 66, *an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB 70 is to improve accounting and financial reporting by governments that extend and receive nonexchange financial guarantees. The provisions of GASB 70 became effective for the Town in fiscal year 2014 and did not have a material effect on its financial statements.

Future Year Implementation

In June 2012, the GASB issued GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as

they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of GASB 67 become effective for the System as of December 31, 2014 and the correlative impact will be reflected by the Town in fiscal year 2015. The Town believes the adoption of this statement will have a material impact on the financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. Statement 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town believes the adoption of this statement will have a material impact on the financial statements.

In January 2013, the GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. GASB 69 established accounting and financial reporting standards to government combinations and disposals of government operations. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2013 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In November 2013, the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* — an amendment of GASB Statement No. 68. The Objective of GASB 71 is to address an issue regarding application of the transition provision of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014 (fiscal year 2015). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

Required Supplementary Information



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**TOWN OF WESTMINSTER, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014**

SCHEDULES OF FUNDING PROGRESS

Pension 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%

Other Postemployment Benefits

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)
7/1/2011	\$ -	\$ 6,805,222	\$ 6,805,222	0.0%	\$ 3,410,312	199.5%
7/1/2008	\$ -	\$ 5,637,975	\$ 5,637,975	0.0%	\$ 2,870,954	196.4%

SCHEDULES OF CONTRIBUTION FUNDING

Pension System

Fiscal Year Ended June 30,	Worcester Regional Retirement System			Town (B / A)	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contribution	Town's Percentage of System Wide Actual Contributions
2014	\$ 37,510,266	\$ 37,510,266	100.0%	493,272	1.3%
2013	\$ 35,056,320	\$ 35,056,320	100.0%	512,338	1.5%
2012	\$ 33,072,000	\$ 33,072,000	100.0%	456,988	1.4%

Other Postemployment Benefits

Year Ended June 30,	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed
2014	\$ 808,707	\$ 121,325	15.0%
2013	\$ 767,862	\$ 98,342	12.8%
2012	\$ 727,733	\$ 76,468	10.5%
2011	\$ 702,081	\$ 110,420	15.7%
2010	\$ 663,299	\$ 91,984	13.9%
2009	\$ 625,677	\$ 79,023	12.6%

See accompanying independent auditor's report.

TOWN OF WESTMINSTER, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Revenues:						
Property taxes	\$ 15,283,282	\$ 15,283,282	\$ 15,593,139		\$ 15,593,139	\$ 309,857
Intergovernmental	843,763	843,763	874,850		874,850	31,087
Motor vehicle and other excises	925,000	925,000	1,142,011		1,142,011	217,011
Licenses and permits	160,000	160,000	258,340		258,340	98,340
Departmental and other revenue	166,000	166,000	307,565		307,565	141,565
Landfill host fees	800,000	800,000	1,046,460		1,046,460	246,460
Penalties and interest on taxes	100,000	100,000	182,228		182,228	82,228
Fines and forfeitures	60,000	60,000	103,805		103,805	43,805
Investment income	10,000	10,000	8,137		8,137	(1,863)
Total Revenues	18,348,045	18,348,045	19,516,535		19,516,535	1,168,490
Expenditures:						
<i>General Government:</i>						
<i>Selectmen:</i>						
Temporary labor	4,000	4,000	2,208	-	2,208	1,792
Expenses	4,000	4,000	4,000	-	4,000	-
Copiers	12,000	12,000	10,040	-	10,040	1,960
Johnny Appleseed visitor center	10,000	10,000	10,000	-	10,000	-
Articles	1,785	1,785	-	1,785	1,785	-
	31,785	31,785	26,248	1,785	28,033	3,752
<i>Town Administration:</i>						
Salaries	120,021	120,021	117,731	-	117,731	2,290
Expenses	3,175	3,175	2,807	-	2,807	368
Articles	103,000	103,000	91,159	11,841	103,000	-
	226,196	226,196	211,697	11,841	223,538	2,658
<i>Advisory Board:</i>						
Expenses	3,185	3,185	2,290	-	2,290	895
	3,185	3,185	2,290	-	2,290	895
<i>Reserve Fund:</i>						
Expenses	55,000	7,568	-	-	-	7,568
	55,000	7,568	-	-	-	7,568
<i>Accountant:</i>						
Salaries	73,827	73,827	41,637	-	41,637	32,190
Expenses	31,390	48,790	47,812	-	47,812	978
	105,217	122,617	89,449	-	89,449	33,168
<i>Assessors:</i>						
Salaries	48,320	48,320	46,447	-	46,447	1,873
Expenses	17,450	17,450	13,270	-	13,270	4,180
	65,770	65,770	59,717	-	59,717	6,053
<i>Revaluation:</i>						
Articles	60,481	60,481	10,112	50,369	60,481	-
	60,481	60,481	10,112	50,369	60,481	-
<i>Treasurer/Collector:</i>						
Stipends	1,000	1,000	1,000	-	1,000	-
Salaries	103,831	103,831	102,896	-	102,896	935
Expenses	9,026	9,026	8,614	-	8,614	412
	113,857	113,857	112,510	-	112,510	1,347
<i>Legal:</i>						
Expenses	65,000	73,000	72,809	-	72,809	191
	65,000	73,000	72,809	-	72,809	191

TOWN OF WESTMINSTER, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Personnel Administration:						
Salaries	54,970	54,970	45,761	-	45,761	9,209
Expenses	7,200	7,200	7,150	-	7,150	50
	<u>62,170</u>	<u>62,170</u>	<u>52,911</u>	<u>-</u>	<u>52,911</u>	<u>9,259</u>
Data Processing:						
Expenses	67,050	67,050	64,447	-	64,447	2,603
	<u>67,050</u>	<u>67,050</u>	<u>64,447</u>	<u>-</u>	<u>64,447</u>	<u>2,603</u>
Tax Title:						
Articles	4,696	9,696	9,167	529	9,696	-
	<u>4,696</u>	<u>9,696</u>	<u>9,167</u>	<u>529</u>	<u>9,696</u>	<u>-</u>
Town Clerk:						
Stipend	1,175	1,175	1,142	-	1,142	33
Salaries	79,381	79,381	76,936	230	77,166	2,215
Expenses	6,575	7,910	7,443	-	7,443	467
	<u>87,131</u>	<u>88,466</u>	<u>85,521</u>	<u>230</u>	<u>85,751</u>	<u>2,715</u>
Elections and Registrars:						
Stipend	600	600	530	-	530	70
Salaries	4,450	4,450	1,313	-	1,313	3,137
Expenses	9,930	9,930	7,166	-	7,166	2,764
	<u>14,980</u>	<u>14,980</u>	<u>9,009</u>	<u>-</u>	<u>9,009</u>	<u>5,971</u>
Conservation Commission:						
Salaries	20,291	20,291	14,374	-	14,374	5,917
Expenses	1,050	1,050	523	925	1,448	(398)
	<u>21,341</u>	<u>21,341</u>	<u>14,897</u>	<u>925</u>	<u>15,822</u>	<u>5,519</u>
Town Planner:						
Salaries	64,477	64,477	64,477	-	64,477	-
Expenses	2,500	2,500	2,033	-	2,033	467
Articles	9,585	9,585	2,985	-	2,985	6,600
	<u>76,562</u>	<u>76,562</u>	<u>69,495</u>	<u>-</u>	<u>69,495</u>	<u>7,067</u>
Planning Board:						
Expenses	1,200	1,200	839	-	839	361
	<u>1,200</u>	<u>1,200</u>	<u>839</u>	<u>-</u>	<u>839</u>	<u>361</u>
Appeals Board:						
Salaries	1,600	1,600	600	-	600	1,000
Expenses	500	500	-	-	-	500
	<u>2,100</u>	<u>2,100</u>	<u>600</u>	<u>-</u>	<u>600</u>	<u>1,500</u>
Public Buildings and Property:						
Salaries	93,151	93,151	84,982	-	84,982	8,169
Expenses	216,550	216,550	203,379	4,891	208,270	8,280
Articles	152,046	162,046	57,723	104,323	162,046	-
	<u>461,747</u>	<u>471,747</u>	<u>346,084</u>	<u>109,214</u>	<u>455,298</u>	<u>16,449</u>
Town Report:						
Expenses	2,000	2,000	1,391	-	1,391	609
	<u>2,000</u>	<u>2,000</u>	<u>1,391</u>	<u>-</u>	<u>1,391</u>	<u>609</u>
Crocker Pond:						
Salaries	13,800	15,800	15,162	-	15,162	638
Expenses	8,655	6,655	4,616	208	4,824	1,831
Articles	-	273	273	-	273	-
	<u>22,455</u>	<u>22,728</u>	<u>20,051</u>	<u>208</u>	<u>20,259</u>	<u>2,469</u>
General and Liability Insurance:						
Expenses	231,250	247,000	245,565	-	245,565	1,435
	<u>231,250</u>	<u>247,000</u>	<u>245,565</u>	<u>-</u>	<u>245,565</u>	<u>1,435</u>
<i>Total General Government</i>	<u>1,781,173</u>	<u>1,791,499</u>	<u>1,504,809</u>	<u>175,101</u>	<u>1,679,910</u>	<u>111,589</u>

(continued)

TOWN OF WESTMINSTER, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Public Safety:</i>						
Police/Dispatch:						
Salaries	1,408,390	1,428,390	1,403,389	-	1,403,389	25,001
Expenses	231,191	233,692	219,621	1,184	220,805	12,887
Articles	138,522	138,522	42,336	90,949	133,285	5,237
	<u>1,778,103</u>	<u>1,800,604</u>	<u>1,665,346</u>	<u>92,133</u>	<u>1,757,479</u>	<u>43,125</u>
Fire Department:						
Salaries	778,687	771,613	690,785	-	690,785	80,828
Expenses	117,710	134,681	126,776	2,124	128,900	5,781
Articles	68,739	68,739	56,917	11,483	68,400	339
	<u>965,136</u>	<u>975,033</u>	<u>874,478</u>	<u>13,607</u>	<u>888,085</u>	<u>86,948</u>
Ambulance:						
Salaries	111,941	111,941	65,234	-	65,234	46,707
Expenses	85,951	85,951	74,889	2,195	77,084	8,867
Articles	40,365	40,365	12,390	27,975	40,365	-
	<u>238,257</u>	<u>238,257</u>	<u>152,513</u>	<u>30,170</u>	<u>182,683</u>	<u>55,574</u>
Building Department:						
Salaries	125,808	125,808	103,250	-	103,250	22,558
Expenses	12,950	12,950	11,526	-	11,526	1,424
	<u>138,758</u>	<u>138,758</u>	<u>114,776</u>	<u>-</u>	<u>114,776</u>	<u>23,982</u>
Animal Control:						
Expenses	35,205	35,205	31,678	624	32,302	2,903
	<u>35,205</u>	<u>35,205</u>	<u>31,678</u>	<u>624</u>	<u>32,302</u>	<u>2,903</u>
Tree Warden:						
Salaries	2,000	2,000	-	-	-	2,000
Expenses	17,600	17,600	15,600	-	15,600	2,000
	<u>19,600</u>	<u>19,600</u>	<u>15,600</u>	<u>-</u>	<u>15,600</u>	<u>4,000</u>
Emergency Management:						
Stipend	1,000	1,000	-	-	-	1,000
Expenses	11,985	11,985	9,792	624	10,416	1,569
	<u>12,985</u>	<u>12,985</u>	<u>9,792</u>	<u>624</u>	<u>10,416</u>	<u>2,569</u>
<i>Total Public Safety</i>	<u>3,188,044</u>	<u>3,220,442</u>	<u>2,864,183</u>	<u>137,158</u>	<u>3,001,341</u>	<u>219,101</u>
<i>Education:</i>						
Ashburnham-Westminster Regional School District:						
Expenses - assessment	9,172,923	9,132,454	8,702,778	-	8,702,778	429,676
	<u>9,172,923</u>	<u>9,132,454</u>	<u>8,702,778</u>	<u>-</u>	<u>8,702,778</u>	<u>429,676</u>
Montachusets Regional Vocational Technical H.S.						
Expenses - assessment	602,904	602,904	602,904	-	602,904	-
	<u>602,904</u>	<u>602,904</u>	<u>602,904</u>	<u>-</u>	<u>602,904</u>	<u>-</u>
Other Education:						
Articles	95,784	136,253	25,738	110,450	136,188	65
	<u>95,784</u>	<u>136,253</u>	<u>25,738</u>	<u>110,450</u>	<u>136,188</u>	<u>65</u>
<i>Total Education</i>	<u>9,871,611</u>	<u>9,871,611</u>	<u>9,331,420</u>	<u>110,450</u>	<u>9,441,870</u>	<u>429,741</u>
<i>Public Works:</i>						
Highway Administration:						
Salaries	251,801	251,801	251,799	-	251,799	2
	<u>251,801</u>	<u>251,801</u>	<u>251,799</u>	<u>-</u>	<u>251,799</u>	<u>2</u>
Highway Department:						
Salaries	498,189	486,188	471,117	-	471,117	15,071
Expenses	248,050	270,050	268,110	11,121	279,231	(9,181)
Articles	434,479	434,479	351,010	68,816	419,826	14,653
	<u>1,180,718</u>	<u>1,190,717</u>	<u>1,090,237</u>	<u>79,937</u>	<u>1,170,174</u>	<u>20,543</u>

(Continued)

TOWN OF WESTMINSTER, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Snow and Ice Control:						
Salaries	52,000	92,062	92,062	-	92,062	-
Expenses	298,100	354,330	354,330	-	354,330	-
	<u>350,100</u>	<u>446,392</u>	<u>446,392</u>	<u>-</u>	<u>446,392</u>	<u>-</u>
Street Lighting:						
Expenses	22,000	22,000	20,116	-	20,116	1,884
	<u>22,000</u>	<u>22,000</u>	<u>20,116</u>	<u>-</u>	<u>20,116</u>	<u>1,884</u>
Cemetery Department:						
Salaries	92,347	92,347	86,565	-	86,565	5,782
Expenses	10,890	10,890	8,340	-	8,340	2,550
Articles	728	768	-	40	40	728
	<u>103,965</u>	<u>104,005</u>	<u>94,905</u>	<u>40</u>	<u>94,945</u>	<u>9,060</u>
<i>Total Public Works</i>	<u>1,908,584</u>	<u>2,014,915</u>	<u>1,903,449</u>	<u>79,977</u>	<u>1,983,426</u>	<u>31,489</u>
Health and Human Services:						
Health Department:						
Salaries	108,830	108,830	108,184	-	108,184	646
Expenses	6,680	6,680	4,229	-	4,229	2,451
	<u>115,510</u>	<u>115,510</u>	<u>112,413</u>	<u>-</u>	<u>112,413</u>	<u>3,097</u>
Council on Aging:						
Salaries	25,472	25,472	21,412	-	21,412	4,060
Expenses	12,050	12,050	7,388	-	7,388	4,662
	<u>37,522</u>	<u>37,522</u>	<u>28,800</u>	<u>-</u>	<u>28,800</u>	<u>8,722</u>
Veterans' Services:						
Salaries	5,081	5,081	5,081	-	5,081	-
Expenses	620	570	350	-	350	220
	<u>5,701</u>	<u>5,651</u>	<u>5,431</u>	<u>-</u>	<u>5,431</u>	<u>220</u>
Veterans' Assistance:						
Expenses	59,000	59,050	59,049	-	59,049	1
	<u>59,000</u>	<u>59,050</u>	<u>59,049</u>	<u>-</u>	<u>59,049</u>	<u>1</u>
MART Transportation:						
Salaries	72,213	78,513	78,482	-	78,482	31
Expenses	12,250	12,250	9,351	871	10,222	2,028
	<u>84,463</u>	<u>90,763</u>	<u>87,833</u>	<u>871</u>	<u>88,704</u>	<u>2,059</u>
<i>Total Health and Human Services</i>	<u>302,196</u>	<u>308,496</u>	<u>293,526</u>	<u>871</u>	<u>294,397</u>	<u>14,099</u>
Culture and Recreation:						
Library:						
Salaries	217,000	217,000	216,983	-	216,983	17
Expenses	117,460	117,460	116,191	-	116,191	1,269
Articles	1,295	1,295	-	1,295	1,295	-
	<u>335,755</u>	<u>335,755</u>	<u>333,174</u>	<u>1,295</u>	<u>334,469</u>	<u>1,286</u>
Recreation Department:						
Salaries	15,000	15,000	14,271	-	14,271	729
Expenses	13,339	13,339	11,601	-	11,601	1,738
Articles	9,000	9,000	8,555	445	9,000	-
	<u>37,339</u>	<u>37,339</u>	<u>34,427</u>	<u>445</u>	<u>34,872</u>	<u>2,467</u>
Concerts:						
Expenses	3,000	3,000	3,000	-	3,000	-
	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Hager Park Commission:						
Expenses	250	250	240	-	240	10
Articles	400	400	-	-	-	400
	<u>650</u>	<u>650</u>	<u>240</u>	<u>-</u>	<u>240</u>	<u>410</u>

TOWN OF WESTMINSTER, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Historical Commission:						
Expenses	2,060	2,060	1,902	-	1,902	158
Articles	5,000	5,000	3,000	2,000	5,000	-
	<u>7,060</u>	<u>7,060</u>	<u>4,902</u>	<u>2,000</u>	<u>6,902</u>	<u>158</u>
Memorial Day:						
Expenses	1,200	1,200	1,017	-	1,017	183
	<u>1,200</u>	<u>1,200</u>	<u>1,017</u>	<u>-</u>	<u>1,017</u>	<u>183</u>
Care of Town Clock:						
Expenses	250	250	250	-	250	-
Articles	-	250	250	-	250	-
	<u>250</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
<i>Total Culture and Recreation</i>	<u>385,254</u>	<u>385,504</u>	<u>377,260</u>	<u>3,740</u>	<u>381,000</u>	<u>4,504</u>
<i>State and County Assessments</i>	<u>58,945</u>	<u>58,945</u>	<u>58,525</u>	<u>-</u>	<u>58,525</u>	<u>420</u>
<i>Debt Service:</i>						
Debt principal	581,161	581,161	581,160	-	581,160	1
Debt interest	86,328	86,328	80,581	-	80,581	5,747
<i>Total Debt Service</i>	<u>667,489</u>	<u>667,489</u>	<u>661,741</u>	<u>-</u>	<u>661,741</u>	<u>5,748</u>
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Contributory pension	502,762	502,762	493,272	-	493,272	9,490
	<u>502,762</u>	<u>502,762</u>	<u>493,272</u>	<u>-</u>	<u>493,272</u>	<u>9,490</u>
Group Health Insurance:						
Expenses	805,000	787,500	644,800	763	645,563	141,937
	<u>805,000</u>	<u>787,500</u>	<u>644,800</u>	<u>763</u>	<u>645,563</u>	<u>141,937</u>
Group Life Insurance:						
Expenses	4,000	4,000	2,613	-	2,613	1,387
	<u>4,000</u>	<u>4,000</u>	<u>2,613</u>	<u>-</u>	<u>2,613</u>	<u>1,387</u>
Unemployment/Workers' Compensation:						
Expenses	45,750	39,500	39,180	-	39,180	320
	<u>45,750</u>	<u>39,500</u>	<u>39,180</u>	<u>-</u>	<u>39,180</u>	<u>320</u>
Other Employee Benefits:						
Expenses	50,383	30,383	-	-	-	30,383
	<u>50,383</u>	<u>30,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,383</u>
<i>Total Pension and Fringe Benefits</i>	<u>1,407,895</u>	<u>1,364,145</u>	<u>1,179,865</u>	<u>763</u>	<u>1,180,628</u>	<u>183,517</u>
Total Expenditures	<u>19,571,191</u>	<u>19,683,046</u>	<u>18,174,778</u>	<u>508,060</u>	<u>18,682,838</u>	<u>1,000,208</u>
Other Financing Sources (Uses)						
Transfers in	813,465	813,465	866,151	-	866,151	52,686
Transfers out	(427,278)	(727,278)	(782,852)	-	(782,852)	(55,574)
Total Other Financing Sources (Uses)	<u>386,187</u>	<u>86,187</u>	<u>83,299</u>		<u>\$ 83,299</u>	<u>(2,888)</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(836,959)</u>	<u>(1,248,814)</u>	<u>\$ 1,425,056</u>			<u>\$ 2,165,810</u>
Other Budgetary Items						
Use of unreserved fund balance	\$ 325,000	\$ 736,855				
Use of overlay surplus	32,372	32,372				
Prior year encumbrances and articles	<u>479,587</u>	<u>479,587</u>				
Total Other Budgetary Items	<u>836,959</u>	<u>1,248,814</u>				
Net budget and actual	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

The notes to the financial statements are an integral part of this statement.

The notes to the required supplementary information are and integral part of this statement.

TOWN OF WESTMINSTER, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014**

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Board of Selectmen and approved by the Town Meeting members at the Town’s annual meeting in May. Expenditures may not legally exceed appropriations at the department level, or in the categories of salaries, expenses and various other categories voted by Town Meeting. Department heads may transfer, without Town meeting approval, appropriation balances from one expenditure account to another within each of the budget categories. The Town Meeting, however, must approve any transfer of unencumbered appropriation balances between departments and budget categories. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unreserved fund balance.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2014, Town Meeting supplemental appropriations were not significant (less than 1%).

The Town Accountant has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted at Town Meeting. Budgetary control is exercised through the Town’s accounting system.

Budgetary-to-GAAP Reconciliation – The Town’s general fund is prepared on a basis other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2014, is as follows:

	Accounting Differences	Fund Perspective Differences	Total
Revenue on a budgetary basis			\$ 19,516,535
On behalf pension subsidy	\$ 7,971	\$ -	7,971
Revenue recognition	(28,153)	-	(28,153)
Interest earned by Stabilization Fund	-	3,014	3,014
Revenue on a GAAP basis	<u>\$ (20,182)</u>	<u>\$ 3,014</u>	<u>\$ 19,499,367</u>
Expenditures on a budgetary basis			\$ 18,174,778
On behalf pension payments	\$ 7,971	\$ -	7,971
Debt service recognition	-	(37,812)	(37,812)
Expenditures on a GAAP basis	<u>\$ 7,971</u>	<u>\$ (37,812)</u>	<u>\$ 18,144,937</u>
Transfers on a budgetary basis (net)			\$ 83,299
Debt service recognition	-	\$ (37,812)	(37,812)
Stabilization transfers	-	21,600	21,600
Transfers on a GAAP basis (net)	<u>\$ -</u>	<u>\$ (16,212)</u>	<u>\$ 67,087</u>



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Combining Statements



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Nonmajor Governmental Funds

Special Revenue Funds – are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the Town’s financial ledgers, these activities can be distinctly categorized into the following groupings:

Ambulance Fund – This segregated revolving fund accounts for the activities of the Town’s ambulatory activities

Transfer Station – This segregated revolving fund accounts for the activities of the Town’s solid waste activities.

Federal and State Grants – This fund accounts for grant programs received either directly from Federal or State agencies.

Road Improvements – This fund accounts for monies received from the State under MGL Chapter 90 for eligible road improvements.

Revolving Funds – This fund accounts for activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

Receipts Reserved For Appropriation – This fund accounts for receipts collected that are by law reserved for appropriations in the General Fund.

Gifts – This fund accounts for donated monies which relate to all Town activities.

Capital Project Funds - are used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays. From the Town’s financial ledgers, these activities can be distinctly categorized into the following groupings:

Public Safety Funds – This fund accounts for purchases of fire apparatus.

Other Funds – This fund accounts for purchase or construction of all other non-fire department activities.

Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs. From the Town’s financial ledgers, these activities can be distinctly categorized into the following groupings:

Cemetery Trust Funds – This fund accounts for contributions earmarked for the perpetual care and maintenance of cemetery facilities and property.

Library Trust Funds – This fund accounts for contributions earmarked for the operations and maintenance of the Library.

Other Trust Funds – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with cemetery and library activities.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2014

	Special Revenue Funds		
	<u>Revolving Funds</u>	<u>Grants</u>	<u>Transfer Station</u>
Assets:			
Cash and short-term investments	\$ 54,554	\$ 42,275	\$ 563,357
Investments	-	-	-
Receivables, net of allowance for doubtful accounts:			
User charges	-	-	-
Intergovernmental	-	81,050	-
	<u>54,554</u>	<u>123,325</u>	<u>563,357</u>
Total Assets	54,554	123,325	563,357
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	\$ 54,554	\$ 123,325	\$ 563,357
	<u>\$ 54,554</u>	<u>\$ 123,325</u>	<u>\$ 563,357</u>
	<u>\$ 54,554</u>	<u>\$ 123,325</u>	<u>\$ 563,357</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Warrants and accounts payable	\$ -	\$ 7,475	\$ 1,905
Bond anticipation notes payable	-	95,775	-
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	103,250	1,905
Deferred Inflows of Resources			
Unavailable revenue - other	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Non-Spendable	-	-	-
Restricted	54,554	115,850	561,452
Unassigned	-	(95,775)	-
	<u>54,554</u>	<u>20,075</u>	<u>561,452</u>
Total Fund Balances	54,554	20,075	561,452
	<u>54,554</u>	<u>20,075</u>	<u>561,452</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,554	\$ 123,325	\$ 563,357
	<u>\$ 54,554</u>	<u>\$ 123,325</u>	<u>\$ 563,357</u>

<u>Ambulance</u>	<u>Receipts Reserved for Appropriation</u>	<u>Gifts and Other Funds</u>	<u>Chapter 90 Road Improvements</u>	<u>Sub-total Special Revenue Funds</u>
\$ 639,292	\$ 47,200	\$ 134,859	\$ -	\$ 1,481,537
-	-	-	-	-
312,655	-	-	-	312,655
-	-	-	98,633	179,683
<u>951,947</u>	<u>47,200</u>	<u>134,859</u>	<u>98,633</u>	<u>1,973,875</u>
-	-	-	-	-
<u>\$ 951,947</u>	<u>\$ 47,200</u>	<u>\$ 134,859</u>	<u>\$ 98,633</u>	<u>\$ 1,973,875</u>
\$ 815	\$ -	\$ -	\$ -	\$ 10,195
-	-	-	-	95,775
-	-	-	103,247	103,247
815	-	-	103,247	209,217
312,655	-	-	-	312,655
312,655	-	-	-	312,655
-	-	-	-	-
638,477	47,200	134,859	-	1,552,392
-	-	-	(4,614)	(100,389)
638,477	47,200	134,859	(4,614)	1,452,003
<u>\$ 951,947</u>	<u>\$ 47,200</u>	<u>\$ 134,859</u>	<u>\$ 98,633</u>	<u>\$ 1,973,875</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2014

	<u>Capital Project Funds</u>		
	<u>Fire Apparatus</u>	<u>Other Projects</u>	<u>Sub-total Capital Project Funds</u>
Assets:			
Cash and short-term investments	\$ 172,476	\$ 236,083	\$ 408,559
Investments	-	-	-
Receivables, net of allowance for uncollectibles			
User charges	-	-	-
Intergovernmental	-	-	-
	<u>172,476</u>	<u>236,083</u>	<u>408,559</u>
Total Assets	<u>172,476</u>	<u>236,083</u>	<u>408,559</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 172,476</u>	<u>\$ 236,083</u>	<u>\$ 408,559</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Warrants and accounts payable	\$ 172,476	\$ -	\$ 172,476
Bond anticipation notes payable	550,000	175,000	725,000
Due to other funds	-	-	-
	<u>722,476</u>	<u>175,000</u>	<u>897,476</u>
Total Liabilities	<u>722,476</u>	<u>175,000</u>	<u>897,476</u>
Deferred Inflows of Resources			
Unavailable revenue - other	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Non-Spendable	-	-	-
Restricted	-	78,390	78,390
Unassigned	<u>(550,000)</u>	<u>(17,307)</u>	<u>(567,307)</u>
Total Fund Balances	<u>(550,000)</u>	<u>61,083</u>	<u>(488,917)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 172,476</u>	<u>\$ 236,083</u>	<u>\$ 408,559</u>

<u>Permanent Funds</u>			<u>Total</u>
<u>Cemetery Funds</u>	<u>Other Trust Funds</u>	<u>Sub-total Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>
\$ 9,712	\$ -	\$ 9,712	\$ 1,899,808
299,535	107,991	407,526	407,526
-	-	-	312,655
-	-	-	179,683
<u>309,247</u>	<u>107,991</u>	<u>417,238</u>	<u>2,799,672</u>
-	-	-	-
<u>\$ 309,247</u>	<u>\$ 107,991</u>	<u>\$ 417,238</u>	<u>\$ 2,799,672</u>
\$ -	\$ -	\$ -	\$ 182,671
-	-	-	820,775
-	-	-	103,247
-	-	-	1,106,693
-	-	-	312,655
-	-	-	312,655
249,298	46,299	295,597	295,597
59,949	61,692	121,641	1,752,423
-	-	-	(667,696)
<u>309,247</u>	<u>107,991</u>	<u>417,238</u>	<u>1,380,324</u>
<u>\$ 309,247</u>	<u>\$ 107,991</u>	<u>\$ 417,238</u>	<u>\$ 2,799,672</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		
	Revolving Funds	Grants	Transfer Station
Revenues:			
Intergovernmental	\$ -	\$ 193,462	\$ -
Departmental and other	9,921	-	376,075
Interest and investment income	4	3	1,270
Contributions and donations	-	4,251	-
Total Revenues	<u>9,925</u>	<u>197,716</u>	<u>377,345</u>
Expenditures:			
General government	7,288	164,402	-
Public safety	-	44,792	-
Public works	-	-	234,174
Health and human services	2,202	11,541	-
Culture and recreation	-	10,880	-
Total Expenditures	<u>9,490</u>	<u>231,615</u>	<u>234,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	435	(33,899)	143,171
Other Financing Sources (Uses):			
Transfers in	-	12,000	-
Transfers out	-	(43,264)	(20,882)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(31,264)</u>	<u>(20,882)</u>
Net Change in Fund Balance	435	(65,163)	122,289
Fund Balances - Beginning of Year	<u>54,119</u>	<u>85,238</u>	<u>439,163</u>
Fund Balances - End of Year	<u>\$ 54,554</u>	<u>\$ 20,075</u>	<u>\$ 561,452</u>

<u>Ambulance</u>	<u>Receipts Reserved for Appropriation</u>	<u>Gifts and Other Funds</u>	<u>Chapter 90 Road Improvements</u>	<u>Sub-total Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 507,323	\$ 700,785
226,190	14,403	-	-	626,589
-	-	74	-	1,351
-	63,998	11,249	-	79,498
<u>226,190</u>	<u>78,401</u>	<u>11,323</u>	<u>507,323</u>	<u>1,408,223</u>
-	118,576	1,496	-	291,762
-	-	5,367	-	50,159
-	-	-	509,322	743,496
-	-	154	-	13,897
-	-	2,987	-	13,867
<u>-</u>	<u>118,576</u>	<u>10,004</u>	<u>509,322</u>	<u>1,113,181</u>
226,190	(40,175)	1,319	(1,999)	295,042
55,574	-	-	-	67,574
<u>(193,092)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>(260,238)</u>
<u>(137,518)</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>(192,664)</u>
88,672	(43,175)	1,319	(1,999)	102,378
<u>549,805</u>	<u>90,375</u>	<u>133,540</u>	<u>(2,615)</u>	<u>1,349,625</u>
<u>\$ 638,477</u>	<u>\$ 47,200</u>	<u>\$ 134,859</u>	<u>\$ (4,614)</u>	<u>\$ 1,452,003</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2014

	Capital Project Funds		
	Fire Apparatus	Other Projects	Sub-total Capital Project Funds
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Departmental and other	-	-	-
Interest and investment income	-	-	-
Contributions and donations	-	-	-
Total Revenues	-	-	-
Expenditures:			
General government	-	-	-
Public safety	550,000	-	550,000
Public works	-	4,439	4,439
Health and human services	-	-	-
Culture and recreation	-	-	-
Total Expenditures	550,000	4,439	554,439
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550,000)	(4,439)	(554,439)
Other Financing Sources (Uses):			
Transfers in	-	223,237	223,237
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	223,237	223,237
Net Change in Fund Balance	(550,000)	218,798	(331,202)
Fund Balances - Beginning of Year	-	(157,715)	(157,715)
Fund Balances - End of Year	<u>\$ (550,000)</u>	<u>\$ 61,083</u>	<u>\$ (488,917)</u>

Permanent Funds			Total
Cemetery Funds	Other Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 700,785
-	-	-	626,589
-	73	73	1,424
<u>6,174</u>	<u>742</u>	<u>6,916</u>	<u>86,414</u>
<u>6,174</u>	<u>815</u>	<u>6,989</u>	<u>1,415,212</u>
-	-	-	291,762
-	549	549	600,708
9,994	-	9,994	757,929
-	-	-	13,897
<u>-</u>	<u>1,850</u>	<u>1,850</u>	<u>15,717</u>
<u>9,994</u>	<u>2,399</u>	<u>12,393</u>	<u>1,680,013</u>
(3,820)	(1,584)	(5,404)	(264,801)
-	1,000	1,000	291,811
<u>-</u>	<u>(11,000)</u>	<u>(11,000)</u>	<u>(271,238)</u>
<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>20,573</u>
(3,820)	(11,584)	(15,404)	(244,228)
<u>313,067</u>	<u>119,575</u>	<u>432,642</u>	<u>1,624,552</u>
<u>\$ 309,247</u>	<u>\$ 107,991</u>	<u>\$ 417,238</u>	<u>\$ 1,380,324</u>

(Concluded)



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Fiduciary Funds

Agency Funds – are used to account for assets maintained in a custodial capacity. Such activities primarily consist of performance bonds and school deposits held, as well as, monies due to Town personnel for certain services rendered that were collected from external parties on their behalf.

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED JUNE 30, 2014

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Assets:				
Cash and cash equivalents	\$ 453,493	\$ 165,500	\$ (231,741)	\$ 387,252
Liabilities:				
Warrants payable	\$ -	\$ 233,541	\$ (231,741)	\$ 1,800
Due to employees	-	165,500	(154,313)	11,187
Deposits held	453,493	-	(79,228)	374,265
Total Liabilities	<u>\$ 453,493</u>	<u>\$ 399,041</u>	<u>\$ (465,282)</u>	<u>\$ 387,252</u>

STATISTICAL SECTION



The Forbush Memorial Library was constructed in 1901 in the Classical Revival architectural style that existed at the time. The original structure was 4,010 square feet in size. An addition to the library was completed in 1997, bringing the library space to a total of 16,000 square feet.

The Forbush Memorial Library Building was funded by a \$10,000 bequest from Charles A. Forbush in memory of his cousin Joseph W. Forbush, with an additional \$6,000 raised from 80 other citizens. The Forbush fortune came from chair-making and other industrial activities located in Whitmanville by the railroad.

The library has stood as built until now with little outward signs of change. The one major change that has been made was to add a children's room devoted strictly to the needs of preschool through sixth grade children. The basement, which at the time the library was built was used for storage, was turned into a very attractive space for the use of children. This was brought about by a vote at the Town Meeting in 1976. The new room opened in 1977 and has been a major success ever since. This move freed up original library space for additional adult books. Today, Forbush Memorial Library is open 42 hours/week and serves a local population of over 7,000 with a collection of 51,000 items.



Statistical Section

This part of the comprehensive annual financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt, and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.



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NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:									
Invested in capital assets.....	\$ 48,234,278	\$ 45,592,531	\$ 45,689,107	\$ 44,827,067	\$ 46,714,191	\$ 48,233,891	\$ 48,147,825	\$ 48,074,143	\$ 47,650,292
Restricted.....	1,440,274	1,877,784	691,836	1,907,947	997,851	956,730	1,022,454	2,381,708	1,867,128
Unrestricted.....	3,451,884	6,973,711	9,691,226	8,362,175	6,524,552	4,511,505	3,855,090	3,109,527	3,507,544
Total governmental activities net position.....	\$ 53,126,436	\$ 54,444,026	\$ 56,072,169	\$ 55,097,189	\$ 54,236,594	\$ 53,702,126	\$ 53,025,369	\$ 53,565,378	\$ 53,024,964
Business-type activities:									
Invested in capital assets.....	\$ 3,365,622	\$ 3,767,768	\$ 3,680,338	\$ 3,544,263	\$ 3,791,376	\$ 3,889,445	\$ 3,958,063	\$ 4,191,853	\$ 4,914,608
Restricted.....	2,537,929	1,454,475	1,579,212	947,751	700,761	-	-	-	-
Unrestricted.....	2,253,359	3,103,139	2,883,253	3,309,377	3,137,505	3,516,667	3,371,540	3,081,142	2,578,368
Total business-type activities net position.....	\$ 8,156,910	\$ 8,325,382	\$ 8,142,803	\$ 7,801,391	\$ 7,629,642	\$ 7,406,112	\$ 7,329,603	\$ 7,272,995	\$ 7,492,976
Primary government:									
Invested in capital assets.....	\$ 51,599,900	\$ 49,360,299	\$ 49,369,445	\$ 48,371,330	\$ 50,505,567	\$ 52,123,336	\$ 52,105,888	\$ 52,265,996	\$ 52,564,900
Restricted.....	3,978,203	3,332,259	2,271,048	2,855,698	1,698,612	956,730	1,022,454	2,381,708	1,867,128
Unrestricted.....	5,705,243	10,076,850	12,574,479	11,671,552	9,662,057	8,028,172	7,226,630	6,190,669	6,085,912
Total primary government net position.....	\$ 61,283,346	\$ 62,769,408	\$ 64,214,972	\$ 62,898,580	\$ 61,866,236	\$ 61,108,238	\$ 60,354,972	\$ 60,838,373	\$ 60,517,940

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses -									
Governmental activities:									
General government.....	\$ 900,419	\$ 1,060,009	\$ 1,465,271	\$ 1,810,413	\$ 1,115,114	\$ 1,976,695	\$ 1,668,065	\$ 1,660,475	\$ 2,101,308
Public safety.....	2,519,779	2,950,445	3,122,886	3,188,400	3,633,025	3,695,341	3,780,005	3,823,156	3,849,847
Education.....	7,823,663	7,309,092	8,892,992	8,869,611	9,580,331	8,717,803	8,869,878	9,193,701	9,645,859
Public works.....	2,928,839	3,429,821	3,056,878	4,773,423	6,421,801	4,060,037	3,692,232	3,742,075	3,911,633
Culture and recreation.....	403,503	480,221	486,134	177,874	481,222	552,361	522,049	566,018	469,395
Health and human services.....	271,229	164,491	173,734	241,543	164,103	300,567	297,444	319,238	383,883
Interest.....	69,770	217,168	249,607	281,477	217,314	167,324	156,166	130,198	114,882
Total government activities expenses.....	<u>14,917,203</u>	<u>15,611,246</u>	<u>17,447,503</u>	<u>19,342,741</u>	<u>21,612,909</u>	<u>19,470,128</u>	<u>18,985,839</u>	<u>19,434,861</u>	<u>20,476,807</u>
Business-type activities:									
Water.....	502,980	592,630	841,256	709,339	559,825	571,855	614,333	597,073	511,757
Sewer.....	398,171	439,178	539,269	546,516	807,741	813,531	902,638	875,886	962,577
Total business-type activities expenses.....	<u>901,151</u>	<u>1,031,808</u>	<u>1,380,525</u>	<u>1,255,855</u>	<u>1,367,566</u>	<u>1,385,386</u>	<u>1,516,971</u>	<u>1,472,959</u>	<u>1,474,334</u>
Total primary government expenses.....	<u>\$ 15,818,354</u>	<u>\$ 16,643,054</u>	<u>\$ 18,828,028</u>	<u>\$ 20,598,596</u>	<u>\$ 22,980,475</u>	<u>\$ 20,855,514</u>	<u>\$ 20,502,810</u>	<u>\$ 20,907,820</u>	<u>\$ 21,951,141</u>
Program Revenues -									
Governmental activities:									
Charges for services:									
General government.....	\$ 73,988	\$ 131,627	\$ 639,767	\$ 123,958	\$ 160,640	\$ 238,415	\$ 178,309	\$ 118,429	\$ 94,215
Public safety.....	466,235	596,575	533,203	895,546	611,246	627,691	497,004	462,465	593,586
Public works.....	-	10,843	223,430	270,465	262,279	279,986	279,504	280,247	404,853
Health and human services.....	115,817	104,416	70,229	32,445	41,167	111,474	111,767	140,975	135,448
Culture and recreation.....	-	-	-	-	-	8,123	17,813	12,710	4,857
Operating grants and contributions.....	495,739	184,860	140,979	218,144	1,112,256	298,390	110,622	103,329	132,633
Capital grants and contributions.....	521,518	310,164	318,900	454,781	860,607	831,087	547,027	669,828	396,724
Total government activities program revenues.....	<u>1,673,297</u>	<u>1,338,485</u>	<u>1,926,508</u>	<u>1,995,339</u>	<u>3,048,195</u>	<u>2,395,166</u>	<u>1,742,046</u>	<u>1,787,983</u>	<u>1,762,316</u>
Business-type activities:									
Charges for services.....	847,613	523,096	902,597	859,616	1,157,880	1,023,536	1,419,098	1,424,780	1,637,891
Operating grants and contributions.....	-	350,978	-	-	-	99,379	48,629	44,957	109,233
Capital grants and contributions.....	-	-	165,983	122,880	-	51,873	-	-	-
Total business-type activities program revenues.....	<u>847,613</u>	<u>874,074</u>	<u>1,068,580</u>	<u>982,496</u>	<u>1,157,880</u>	<u>1,174,788</u>	<u>1,467,727</u>	<u>1,469,737</u>	<u>1,747,124</u>
Total primary government program revenues.....	<u>\$ 2,520,910</u>	<u>\$ 2,212,559</u>	<u>\$ 2,995,088</u>	<u>\$ 2,977,835</u>	<u>\$ 4,206,075</u>	<u>\$ 3,569,954</u>	<u>\$ 3,209,773</u>	<u>\$ 3,257,720</u>	<u>\$ 3,509,440</u>
Net (Expense)/Program Revenue									
Governmental activities.....	\$ (13,243,906)	\$ (14,272,761)	\$ (15,520,995)	\$ (17,347,402)	\$ (18,564,714)	\$ (17,074,962)	\$ (17,243,793)	\$ (17,646,878)	\$ (18,714,491)
Business-type activities.....	(53,538)	(157,734)	(311,945)	(273,359)	(209,686)	(210,598)	(49,244)	(3,222)	272,790
Total primary government net (expense)/program revenue.....	<u>\$ (13,297,444)</u>	<u>\$ (14,430,495)</u>	<u>\$ (15,832,940)</u>	<u>\$ (17,620,761)</u>	<u>\$ (18,774,400)</u>	<u>\$ (17,285,560)</u>	<u>\$ (17,293,037)</u>	<u>\$ (17,650,100)</u>	<u>\$ (18,441,701)</u>

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and other Changes in Net Position -									
Governmental activities:									
Real estate and personal property taxes,									
net of tax refunds payable.....	\$ 10,278,759	\$ 10,778,071	\$ 11,845,796	\$ 11,883,455	\$ 13,340,663	\$ 13,136,091	\$ 13,505,707	\$ 14,366,860	\$ 14,976,434
Payment in lieu of taxes.....	34,240	87,455	-	-	-	-	-	59,986	-
Motor vehicle excise taxes.....	988,400	1,068,634	973,600	968,430	913,375	942,895	958,833	956,252	946,013
Penalties and interest on taxes.....	89,316	81,390	75,593	77,455	83,787	112,970	134,999	100,444	118,454
Grants and contributions not restricted to specific programs.....	755,853	869,145	1,176,252	1,022,239	1,574,291	745,746	780,675	755,476	762,368
Unrestricted investment income.....	81,402	204,213	326,713	237,992	132,146	81,355	36,023	1,130	58,505
Land fill revenue sharing.....	2,684,626	2,654,361	2,759,277	2,032,961	1,606,041	1,496,241	1,111,446	1,883,943	1,210,651
Other revenue.....	82,511	19,838	-	-	-	-	-	-	-
Transfers.....	(12,920)	(172,756)	(6,456)	37,364	31,816	25,196	39,353	62,797	101,652
Total governmental activities.....	<u>14,982,187</u>	<u>15,590,351</u>	<u>17,150,775</u>	<u>16,259,896</u>	<u>17,682,119</u>	<u>16,540,494</u>	<u>16,567,036</u>	<u>18,186,888</u>	<u>18,174,077</u>
Business-type activities:									
Grants and contributions not restricted to specific programs.....	1,721,070	49,101	-	-	55,138	-	-	-	41,256
Unrestricted investment income.....	63,477	104,349	121,273	81,837	36,615	12,264	12,088	9,410	7,587
Transfers.....	12,920	172,756	6,456	(37,364)	(31,816)	(25,196)	(39,353)	(62,797)	(101,652)
Total business-type activities.....	<u>1,797,467</u>	<u>326,206</u>	<u>127,729</u>	<u>44,473</u>	<u>59,937</u>	<u>(12,932)</u>	<u>(27,265)</u>	<u>(53,387)</u>	<u>(52,809)</u>
Total primary government general revenues and other changes in net position.....	<u>\$ 16,779,654</u>	<u>\$ 15,916,557</u>	<u>\$ 17,278,504</u>	<u>\$ 16,304,369</u>	<u>\$ 17,742,056</u>	<u>\$ 16,527,562</u>	<u>\$ 16,539,771</u>	<u>\$ 18,133,501</u>	<u>\$ 18,121,268</u>
Changes in Net Position									
Governmental activities.....	\$ 1,738,281	\$ 1,317,590	\$ 1,629,780	\$ (1,087,506)	\$ (882,595)	\$ (534,468)	\$ (676,757)	\$ 540,010	\$ (540,414)
Business-type activities.....	<u>1,743,929</u>	<u>168,472</u>	<u>(184,216)</u>	<u>(228,886)</u>	<u>(149,749)</u>	<u>(223,530)</u>	<u>(76,509)</u>	<u>(56,609)</u>	<u>219,981</u>
Total primary government changes in net position.....	<u>\$ 3,482,210</u>	<u>\$ 1,486,062</u>	<u>\$ 1,445,564</u>	<u>\$ (1,316,392)</u>	<u>\$ (1,032,344)</u>	<u>\$ (757,998)</u>	<u>\$ (753,266)</u>	<u>\$ 483,401</u>	<u>\$ (320,433)</u>

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:									
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760
Committed.....	543,446	1,377,528	1,503,923	793,134	368,188	236,413	274,477	939,370	820,877
Assigned.....	19,222	18,995	21,053	39,920	44,833	18,854	18,575	21,323	16,082
Unassigned.....	<u>4,920,477</u>	<u>5,587,489</u>	<u>6,672,867</u>	<u>5,184,948</u>	<u>4,607,526</u>	<u>4,478,021</u>	<u>4,478,729</u>	<u>4,829,858</u>	<u>4,889,815</u>
Total general fund.....	<u>\$ 5,483,145</u>	<u>\$ 6,984,012</u>	<u>\$ 8,197,843</u>	<u>\$ 6,018,002</u>	<u>\$ 5,020,547</u>	<u>\$ 4,733,288</u>	<u>\$ 4,771,781</u>	<u>\$ 5,790,551</u>	<u>\$ 5,727,534</u>
All Other Governmental Funds:									
Nonspendable.....	\$ 252,345	\$ 254,213	\$ 257,188	\$ 226,385	\$ 270,810	\$ 272,160	\$ 276,872	\$ 280,272	\$ 289,422
Restricted.....	600,873	796,681	1,290,298	2,582,561	1,127,673	1,224,557	1,255,341	1,140,743	1,574,228
Unassigned.....	<u>(1,927,443)</u>	<u>(3,385,585)</u>	<u>(385,582)</u>	<u>(493,988)</u>	<u>(698,866)</u>	<u>(539,987)</u>	<u>(509,759)</u>	<u>(315,852)</u>	<u>(282,126)</u>
Total all other governmental funds.....	<u>\$ (1,074,225)</u>	<u>\$ (2,334,691)</u>	<u>\$ 1,161,904</u>	<u>\$ 2,314,958</u>	<u>\$ 699,617</u>	<u>\$ 956,730</u>	<u>\$ 1,022,454</u>	<u>\$ 1,105,163</u>	<u>\$ 1,581,524</u>

Note: The Town implemented GASB 54 in fiscal year 2011. All previous years (2005 - 2010) data presented were restated to conform to the GASB 54 presentation.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues:									
Real estate and personal property taxes, net of tax refunds.....	\$ 10,341,960	\$ 10,911,787	\$ 11,753,728	\$ 11,613,786	\$ 12,987,367	\$ 13,178,218	\$ 13,687,151	\$ 14,202,924	\$ 14,847,983
Intergovernmental.....	980,513	1,421,476	1,571,291	1,604,007	3,360,281	1,870,592	1,438,324	1,528,633	1,109,858
Motor vehicle and other excise taxes.....	979,648	1,063,387	940,108	945,367	989,932	924,713	955,093	967,903	966,005
Departmental and other.....	674,892	639,113	1,182,165	833,668	897,920	765,546	785,318	791,393	863,765
Licenses and permits.....	171,535	176,704	166,057	108,309	158,034	169,796	165,221	159,529	261,731
Penalties and interest on taxes.....	89,316	81,390	75,593	77,455	83,787	112,970	134,999	100,444	118,454
Landfill revenue sharing.....	2,684,626	2,651,766	2,759,277	2,032,961	1,606,041	1,496,241	1,111,446	1,883,943	1,210,651
Fines and forfeitures.....	107,370	101,212	126,637	253,655	117,275	91,497	79,759	60,258	72,561
Investment income.....	89,863	222,545	326,713	237,992	132,146	81,355	36,022	1,131	58,505
Contributions.....	-	-	27,182	91,157	186,873	103,148	32,970	38,623	192,966
Total Revenue.....	<u>16,119,723</u>	<u>17,269,380</u>	<u>18,928,751</u>	<u>17,798,357</u>	<u>20,519,656</u>	<u>18,794,076</u>	<u>18,426,303</u>	<u>19,734,781</u>	<u>19,702,479</u>
Expenditures:									
General government.....	810,515	1,004,607	1,202,028	1,522,298	836,104	1,582,864	1,287,533	1,240,008	1,584,314
Public safety.....	2,259,707	2,559,849	2,726,084	2,837,143	3,176,757	2,633,103	2,678,690	2,638,928	2,695,734
Education.....	7,358,560	6,887,467	8,447,318	8,418,329	8,722,583	8,710,785	8,862,632	9,186,220	9,638,137
Public works.....	1,384,023	1,853,571	1,474,130	2,576,471	4,444,301	2,222,056	1,825,932	1,805,373	1,978,415
Health and human services.....	255,105	156,395	215,393	241,543	249,570	227,452	221,683	234,728	326,210
Culture and recreation.....	331,789	328,731	363,900	120,286	293,548	381,021	347,839	382,327	386,333
Pension and fringe benefits.....	882,654	900,907	861,133	940,432	1,056,059	1,091,973	1,177,867	1,248,705	1,261,003
State and county charges.....	51,450	60,327	83,037	85,638	67,793	62,385	55,845	56,344	58,538
Capital outlay and other.....	2,796,187	2,721,062	3,369,239	1,222,348	3,440,662	1,086,206	1,117,253	1,223,268	802,221
Debt service:									
Principal.....	271,668	165,000	170,000	650,000	655,000	660,000	630,000	550,000	545,000
Interest.....	45,161	218,307	249,607	248,020	221,891	191,573	156,166	130,198	114,882
Total Expenditures.....	<u>16,446,819</u>	<u>16,856,223</u>	<u>19,161,869</u>	<u>18,862,508</u>	<u>23,164,268</u>	<u>18,849,418</u>	<u>18,361,440</u>	<u>18,696,099</u>	<u>19,390,787</u>
Excess of revenues over (under) expenditures.....	<u>(327,096)</u>	<u>413,157</u>	<u>(233,118)</u>	<u>(1,064,151)</u>	<u>(2,644,612)</u>	<u>(55,342)</u>	<u>64,863</u>	<u>1,038,682</u>	<u>311,692</u>
Other Financing Sources (Uses):									
Issuance of bonds and notes.....	-	-	4,950,000	-	-	-	-	-	-
Transfers in.....	922,569	2,027,712	1,721,455	2,260,787	491,016	1,279,583	568,485	1,191,532	830,556
Transfers out.....	(935,489)	(2,200,468)	(1,727,911)	(2,223,423)	(459,200)	(1,254,387)	(529,131)	(1,128,735)	(728,904)
Total other financing sources (uses).....	<u>(12,920)</u>	<u>(172,756)</u>	<u>4,943,544</u>	<u>37,364</u>	<u>31,816</u>	<u>25,196</u>	<u>39,354</u>	<u>62,797</u>	<u>101,652</u>
Net change in fund balance.....	<u>\$ (340,016)</u>	<u>\$ 240,401</u>	<u>\$ 4,710,426</u>	<u>\$ (1,026,787)</u>	<u>\$ (2,612,796)</u>	<u>\$ (30,146)</u>	<u>\$ 104,217</u>	<u>\$ 1,101,479</u>	<u>\$ 413,344</u>
Debt service as a percentage of noncapital expenditures.....	2.32%	2.71%	2.66%	5.09%	4.45%	4.79%	4.56%	3.89%	3.55%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value							Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total Town Value	State Equalized Value		Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2005	\$ 661,257,630	\$ 48,567,270	\$ 54,351,000	\$ 49,403,948	\$ 152,322,218	\$ 813,579,848	\$ 820,698,700	99.13%	\$ 12.75	\$ 12.75	\$ 12.75
2006	787,624,586	54,166,314	60,239,000	35,741,851	150,147,165	937,771,751	1,012,483,900	92.62%	11.72	11.72	11.72
2007	850,669,495	64,322,205	63,141,700	28,496,179	155,960,084	1,006,629,579	1,012,483,900	99.42%	11.73	11.73	11.73
2008	865,586,845	57,206,255	41,461,100	31,877,248	130,544,603	996,131,448	1,097,640,000	90.75%	11.94	11.94	11.94
2009	871,006,237	62,623,663	43,806,100	48,163,650	154,593,413	1,025,599,650	1,097,640,000	93.44%	13.00	13.00	13.00
2010	756,779,493	60,770,907	63,858,200	43,184,052	167,813,159	924,592,652	1,008,784,700	91.65%	14.42	14.42	14.42
2011	732,645,366	59,406,434	63,134,500	52,356,872	174,897,806	907,543,172	1,008,784,700	89.96%	15.14	15.14	15.14
2012	676,664,470	57,695,930	53,351,500	49,996,756	161,044,186	837,708,656	889,315,600	94.20%	17.24	17.24	17.24
2013	671,616,692	56,036,987	52,289,100	41,171,345	149,497,432	821,114,124	889,315,600	92.33%	18.36	18.36	18.36
2014	671,911,992	55,826,616	50,771,200	42,105,644	148,703,460	820,615,452	856,074,400	95.86%	18.98	18.98	18.98

Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Nature of Business	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
National Industrial Portfolio	Commercial/Ind. Developers	\$ 16,000,000	1	1.95%			
STR Realty Holdings	Commercial Office Space	11,746,025	2	1.43%			
Westminster Realty - Aubuchon	Warehouse	9,961,500	3	1.21%			
Waste Management	Methane Plant/Landfill	8,300,000	4	1.01%			
Wachusett Mountain Assoc.	Ski Area	6,118,600	5	0.75%	\$ 6,222,000	4	0.76%
Ranor, Inc.	Manufacturing	4,076,200	6	0.50%			
Pine Tree Power	Power Generation	3,879,000	7	0.47%	6,475,100	3	0.80%
Wachusett Village Inn	Hotel & Restaurant	3,819,900	8	0.47%	3,330,200	7	0.41%
TRW Automotive	Plastic Fasteners	2,927,200	9	0.36%	4,676,900	5	0.57%
Fitchburg Welding	Welding	2,557,400	10	0.31%	2,606,400	8	0.32%
Simplex Time Recorder	Fire Alarms				33,991,400	1	4.18%
Aubuchon Hardware	Warehouse				8,555,500	2	1.05%
R Bran Acquisition	Manufacturing				4,019,900	6	0.49%
Old Mill Restaurant	Restaurant				1,872,800	9	0.23%
Westminster Business Park	Industrial Park				1,678,200	10	0.21%
	Totals of top ten principal taxpayers	<u>\$ 69,385,825</u>		<u>8.46%</u>	<u>\$ 73,428,400</u>		<u>9.03%</u>

Source: Official Statements

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2005	\$ 10,373,143	\$ 444,636	\$ 9,928,507	\$ 10,120,237	101.93%	\$ 187,455	\$ 10,307,692	103.82%
2006	10,990,685	304,598	10,686,087	10,561,346	98.83%	215,788	10,777,134	100.85%
2007	11,807,765	352,603	11,455,162	11,431,099	99.79%	230,727	11,661,826	101.80%
2008	12,009,566	200,293	11,809,273	11,344,661	96.07%	387,077	11,731,738	99.34%
2009	13,332,795	200,599	13,132,196	12,762,990	97.19%	242,092	13,005,082	99.03%
2010	13,332,626	400,528	12,932,098	12,788,536	98.89%	359,666	13,148,202	101.67%
2011	13,740,204	300,917	13,439,287	13,391,181	99.64%	161,402	13,552,583	100.84%
2012	14,442,097	402,594	14,039,503	14,031,056	99.94%	142,215	14,173,271	100.95%
2013	15,075,655	448,705	14,626,950	14,549,657	99.47%	137,648	14,687,305	100.41%
2014	15,575,281	350,999	15,224,282	15,064,933	98.95%	-	15,064,933	98.95%

Source: Accounting Records and Official Statements

RATIOS OF OUTSTANDING DEBT AND GENERAL OBLIGATION DEBT

LAST TEN FISCAL YEARS

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds and Other Notes	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	7,606	\$ 214,512,018	\$ 813,579,848	\$ 730,000	\$ 96	0.34%	0.09%
2006	7,745	233,356,850	937,771,751	565,000	73	0.24%	0.06%
2007	7,884	242,740,476	1,006,629,579	5,345,000	678	2.20%	0.53%
2008	7,884	237,481,848	996,131,448	4,695,000	596	1.98%	0.47%
2009	7,789	236,310,471	1,025,599,650	4,040,000	519	1.71%	0.39%
2010	7,837	249,106,882	924,592,652	3,380,000	431	1.36%	0.37%
2011	7,602	255,305,568	907,543,172	2,750,000	362	1.08%	0.30%
2012	7,765	259,529,595	837,708,656	2,200,000	283	0.85%	0.26%
2013	7,499	239,150,609	821,114,124	1,655,000	221	0.69%	0.20%
2014	7,499	239,150,609	820,615,452	1,110,000	148	0.46%	0.14%

Fiscal Year	Business-type Activities		Total Government			
	General Obligation Bonds	Other Notes	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2005	\$ 3,280,000	\$ 1,239,304	\$ 5,249,304	\$ 690	2.45%	0.65%
2006	3,388,116	1,174,683	5,127,799	662	2.20%	0.55%
2007	2,810,000	1,856,694	10,011,694	1,270	4.12%	0.99%
2008	2,575,000	1,792,894	9,062,894	1,150	3.82%	0.91%
2009	2,340,000	1,612,516	7,992,516	1,026	3.38%	0.78%
2010	2,105,000	1,485,319	6,970,319	889	2.80%	0.75%
2011	1,870,000	1,354,540	5,974,540	786	2.34%	0.66%
2012	1,635,000	1,220,088	5,055,088	651	1.95%	0.60%
2013	1,474,574	1,081,554	4,211,128	562	1.76%	0.51%
2014	1,231,288	938,079	3,279,367	437	1.37%	0.40%

Source: U. S. Census, State Division of Local Services

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	(Amounts in Thousands)								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 820,699	\$ 1,012,484	\$ 1,012,484	\$ 1,097,640	\$ 1,097,640	\$ 1,008,785	\$ 1,008,785	\$ 889,316	\$ 889,316
Debt Limit.....	41,035	50,624	50,624	54,882	54,882	50,439	50,439	44,466	44,466
Outstanding general obligation bonds.....	5,249	5,128	10,012	9,063	7,993	6,970	5,975	5,055	4,211
Authorized and unissued debt.....	4,000	4,000	2,385	2,875 #	450	450 #	500 #	-	3,050 #
Debt not applicable to debt limit.....	(1,714)	(1,629)	(1,544)	(1,455)	(1,364)	(1,270)	(1,174)	(1,074)	(971)
Legal debt margin.....	<u>\$ 30,072</u>	<u>\$ 39,867</u>	<u>\$ 36,683</u>	<u>\$ 41,489</u>	<u>\$ 45,075</u>	<u>\$ 41,749</u>	<u>\$ 42,790</u>	<u>\$ 38,337</u>	<u>\$ 36,234</u>
Total debt applicable to the limit as a percentage of debt limit.....	18.36%	14.81%	21.44%	19.10%	12.90%	12.19%	10.51%	8.95%	14.15%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2014

	<u>Debt Outstanding *</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Ashburnham - Westminster Regional School District.....	\$ 6,975,000	69.438%	\$ 4,843,301
Montachusett Regional Vocational School District.....	6,296,000	4.910%	<u>309,134</u>
Subtotal, overlapping debt.....			5,152,434
Town direct governmental activities debt.....			<u>1,110,000</u>
Total direct and overlapping governmental activities debt.....			<u><u>\$ 6,571,568</u></u>

Source: Official Statements, Accounting Records

The estimated percentage applicable is based on the Town's weighted percentage of total school enrollment as provided in the enabling acts.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	7,606	\$ 214,512,018	\$ 28,203	39.6	1,302	5.40%
2006	7,745	233,356,850	30,130	39.6	1,338	5.90%
2007	7,884	242,740,476	30,789	39.6	1,330	5.30%
2008	7,884	237,481,848	30,122	39.6	1,324	7.00%
2009	7,789	236,310,471	30,339	39.6	1,295	9.90%
2010	7,837	249,106,882	31,786	39.6	1,272	9.20%
2011	7,602	255,305,568	33,584	43.4	1,248	8.30%
2012	7,765	259,529,595	33,423	43.4	1,214	8.10%
2013	7,499	239,150,609	31,891	43.4	1,186	8.40%
2014	7,499	239,150,609	31,891	43.4	1,245	8.20%

Source: U. S. Census, Division of Local Services, Massachusetts
 Department of Elementary and Secondary Education
 Median age is based on most recent census data

PRINCIPAL EMPLOYERS (EXCLUDING TOWN)

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Simplex Time Recorder	Fire Alarm Systems	722	1	29.27%	350	1	13.87%
TRW, Inc.	Plastic Fasteners	200	2	8.11%	260	2	10.30%
Aubuchon Hardware	Hardware Retailer	150	3	6.08%	100	4	3.96%
Ranor, Inc.	Custom Job Manufacturing	150	4	6.08%			
Wachusett Mountain	Ski Area	100	5	4.05%	25	7	0.99%
Wachusett Village Inn	Motel & Restaurant	100	6		65	5	2.58%
Interstate Containers, Inc.	Boxes	45	7	1.82%			
Fitchburg Welding	Steel Fabrication	40	8	1.62%	38	6	1.51%
Miles Kedex Co., Inc.	Presentation Frames	30	9	1.22%			
Advance Coatings Co., Inc.	Plastic Resins	29	10	1.18%			
R Bran Acquisition	Custom Job Manufacturing				125	3	4.95%
Wachusett Country Club	Restaurant & Golf Course				25	8	0.99%
Pine Tree Power	Power Generation				19	9	0.75%
Old Mill Restaurant	Restaurant				16	10	0.63%

Source: Official Statements

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government.....	16	17	19	20	19	19	20	20	21	22
Public safety.....	26	27	27	27	28	27	29	29	27	28
Public works.....	13	18	21	20	20	19	19	18	15	19
Health and human services.....	3	4	5	5	5	5	5	5	6	6
Culture and recreation.....	-	-	-	-	-	-	1	1	1	1
Sub-total	<u>58</u>	<u>66</u>	<u>71</u>	<u>71</u>	<u>71</u>	<u>70</u>	<u>74</u>	<u>73</u>	<u>70</u>	<u>75</u>
Water.....	1	1	1	1	1	1	1	1	1	2
Sewer.....	1	1	1	1	1	1	1	1	1	2
Total Town employees.....	<u>59</u>	<u>67</u>	<u>72</u>	<u>72</u>	<u>72</u>	<u>71</u>	<u>75</u>	<u>74</u>	<u>71</u>	<u>77</u>

Source: Town personnel records

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Town Clerk										
Registered voters.....	5,111	5,099	5,175	5,400	5,400	5,494	5,319	5,390	5,283	5,302
Public Safety:										
Police										
Criminal offenses										
Violent.....	n/a	64	113	298	245	233	383	263	300	93
Property.....	n/a	18	23	71	63	84	67	91	71	32
Total criminal offenses.....	-	82	136	369	308	317	450	354	371	125
Fire										
Incidents										
Fires.....	299	257	375	302	331	252	28	38	30	37
Non-fire incidents.....	835	717	811	1,156	805	910	1,122	1,164	1,070	999
Total fire calls.....	1,134	974	1,186	1,458	1,136	1,162	1,150	1,202	1,100	1,036
Inspectional Services:										
Number of building permits.....	280	293	236	299	219	225	250	255	246	246
Education: *										
Number of students.....	1,302	1,338	1,330	1,324	1,295	1,272	1,248	1,214	1,186	1,245
Public Works:										
Highway										
Roads paved (miles).....	105	105	105	105	105	107	109	107	110	114
Sewer										
Sanitary sewers replaced (miles).....	17	17	17	17	17	17	17	17	17	17
Health and Human Services:										
Board of Health										
Inspections										
Food Establishments.....	40	40	42	45	41	40	36	46	36	38
Culture and Recreation:										
Libraries										
Circulation.....	n/a	78,478	74,114	61,943	57,820	70,898	72,083	77,342	72,403	73,493
Holdings.....	n/a	44,463	54,845	61,799	43,671	43,327	50,827	54,425	70,905	80,331

N/A - Information not available

Source: Various Town Departments and State websites.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Number of buildings.....	5	5	5	5	5	5	5	5	5	6
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Education:										
Number of elementary schools.....	2	2	2	2	2	2	2	2	2	2
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works:										
Road miles.....	105	105	105	105	105	107	107	107	110	114
Sewer main lines (miles).....	17	17	17	17	17	17	17	17	17	17
Number of cemeteries.....	3	3	3	3	3	3	3	3	3	3
Culture and Recreation:										
Number of libraries.....	1	1	1	1	1	1	1	1	1	1
Number of public parks.....	2	2	2	2	2	2	2	2	2	2

Source: Various Town Departments and State websites.