

**TOWN OF WRENTHAM, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Wrentham, Massachusetts

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business – type activities, each major fund, and the aggregate remaining fund information of the Town of Wrentham, Massachusetts, as of June 30, 2015, and the respective changes in financial position and, where applicable cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the Town Net Pension Liability has significantly increased as of June 30, 2015 due to the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Norfolk County Contributory System schedules of funding progress, employer contributions, Town's proportionate share of the net pension liability, Town's contribution, and Massachusetts Teachers Retirement system's proportionate share of the net pension liability, and other post-employment benefits – schedules of funding progress and employer contributions and notes to the retirement system on pages 3 – 16, 65 - 67, 68, 69 - 70 and 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



March 2, 2016

## **Management's Discussion and Analysis**

As management of the Town of Wrentham (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider this information in addition to the statements and notes.

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

### **Restatement of Prior Year**

It should be noted that this report reflects a re-statement of the Town's net position as of June 30, 2014. This was the result of implementing the new GASB 68, "Accounting and Financial Reporting for Pensions".

Pension liabilities are now clearly presented on the Statement of Net Position, to better inform the reader as to the Town's financial obligation for future pension costs. Please refer to the footnotes to the financial statements, as well as the required supplementary information regarding pensions.

### **Financial Highlights**

The combined total assets of the Town exceeded the combined total liabilities by \$23.1 million, a decrease of \$1.0 million or 4.0 % less than the Town's net position for the previous fiscal year. A total of \$35.3 million or 152.4% of this sum represents the Town's net investment in capital assets.

Reaching a balance of \$2.5 million by the end of FY2015 the Town's combined stabilization funds have increased just under 36% since FY2011.

Total revenue for the year for all funds was \$43.0 million; \$ 0.8 million or 1.9% more than the total revenue for the fiscal year ended June 30, 2014.

	Fiscal Year Ended June 30, 2015		Fiscal Year Ended June 30, 2014	
		% Total		% Total
Property Taxes	\$ 28,246,223	65.71%	\$ 27,461,034	65.08%
Motor Vehicle Excise Taxes	1,666,813	3.88%	1,814,219	4.30%
Penalties and Interest	174,028	0.40%	131,840	0.31%
Payments in Lieu of Taxes	8,800	0.02%	10,507	0.02%
Charges for Services	4,821,201	11.22%	4,237,979	10.04%
Operating Grants and Contributions	5,848,320	13.61%	6,778,466	16.07%
Capital Grants and Contributions	860,895	2.00%	531,635	1.26%
Nonrestricted Grants and Contributions	1,277,145	2.97%	1,175,293	2.79%
Unrestricted Investments and Other	80,536	0.19%	52,743	0.13%
Total Revenue	<u>\$ 42,983,961</u>	<u>100.00%</u>	<u>\$ 42,193,716</u>	<u>100.00%</u>

Total expenditures for the year for all funds was \$44.0 million; \$1.9 million or 4.5% more than the total expenditures for the fiscal year ended June 30, 2014.

	Fiscal Year Ended June 30, 2015		Fiscal Year Ended June 30, 2014	
		% Total		% Total
General government	\$ 1,576,150	3.58%	\$ 1,382,035	3.28%
Public safety	5,280,858	12.00%	5,209,734	12.37%
Education	21,706,391	49.31%	21,060,822	50.01%
Public works	3,277,709	7.45%	3,003,960	7.13%
Human services	455,727	1.04%	380,561	0.90%
Culture and recreation	864,075	1.96%	893,279	2.12%
Employee benefits	8,169,537	18.56%	7,665,303	18.20%
State and county assessments	365,573	0.83%	360,650	0.86%
Interest	308,669	0.70%	346,417	0.82%
Water	2,016,385	4.58%	1,807,403	4.29%
Total expenditures	<u>\$ 44,021,074</u>	<u>100.00%</u>	<u>\$ 42,110,164</u>	<u>100.00%</u>

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Wrentham's basic financial statements. The Town of Wrentham's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements provide both short-term and long-term information about the Town. The fund financial statements focus on the individual parts of the Town government, reporting the operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison, and improve the Town's accountability.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Wrentham's finances, in a manner similar to private sector business.

*Statement of Net Position* – Presents all of the government's assets and liabilities, with the difference being reported as "net position". The amount of net position is widely considered a good measure of the Town's financial health. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Town's infrastructure and changes in the property tax base, to assess the overall health of the Town.

*Statement of Activities* – Presents information showing how the Town'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 the cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

In the government-wide statements, financial information is presented in two columns in order to summarize the Town's programs or activities. The types of activities presented are as follows:

Governmental Activities – Taxes and intergovernmental revenues primarily support the functions of the government and are reported in this section. Most of the Town's basic services are reported here including general government, public safety, education, public works, human services, culture, recreation, debt service, state/county charges and assessments, insurance, and employees' benefits.

Business-Type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Water Enterprise Fund operation is considered a business-type activity.



## **Fund Financial Statements**

Traditional readers of government financial statements will find the fund financial statement presentation to be most familiar. 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 of Wrentham, like most other local governments, uses a fund accounting system 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 – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the Town's near-term financing requirements. This approach reflects the modified accrual basis of accounting, which uses the flow of current financial resources measurement focus. Such statements provide a detailed short-term view of the Town's finances that assist in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds financial statements is narrower than that of 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. This comparison will assist the reader in understanding the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains one (1) major governmental fund that is presented separately in the governmental funds financial statements. The remaining non-major funds are combined into a single, aggregated presentation.

The Town adopts an annual budget for its general fund. A budgetary comparison statement, *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual* has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Fund – Provides services for which the Town charges customers a fee and operates similar to a commercial business. The proprietary fund provides the same type of information as in the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements and the proprietary fund financial statements.

The Water Enterprise Fund is the Town's only fund of this type.

Fiduciary Funds – Such funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial

statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## **Notes to Basic Financial Statements**

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

### ***Government-Wide Financial Analysis***

#### **Statement of Net Position**

Net position may serve over time as a useful indicator of a government's financial condition. The Town's net position as of June 30, 2015 was \$23.1 million, of which the governmental activities were \$14.2 million and the business-type activities were \$8.9 million.

At 152.4%, the largest portion of the Town's net position reflects its investment in capital assets (land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure); less any related debt used to acquire those assets that remain outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

Of the Town's total net position, 32.5% are subject to external restrictions on how they may be used, while -84.9% are unrestricted.

The following table of *Comparative Net Position*, indicates a \$1.1 million increase in the level of net investment in capital assets for FY2015 as compared to FY2014. Governmental activities' capital assets (net of related debt) increased \$0.9 million while business type activities' capital assets increased \$0.2 million.

**Comparative Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
	<b>Assets:</b>					
Current assets	\$ 15,198,998	\$ 14,686,937	\$ 3,646,549	\$ 4,262,971	\$ 18,845,547	\$ 18,949,908
Non current assets	36,234,982	37,261,355	10,757,233	10,127,697	46,992,215	47,389,052
<b>Total assets</b>	<u>51,433,980</u>	<u>51,948,292</u>	<u>14,403,782</u>	<u>14,390,668</u>	<u>65,837,762</u>	<u>66,338,960</u>
<b>Deferred Outflows of Resources:</b>	<u>565,260</u>	<u>-</u>	<u>37,402</u>	<u>-</u>	<u>602,662</u>	<u>-</u>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	2,091,943	1,620,129	102,608	185,154	2,194,551	1,805,283
Noncurrent liabilities (excluding debt)	28,293,955	25,727,335	1,301,663	1,196,674	29,595,618	26,924,009
Current debt	1,606,412	1,624,245	308,155	303,155	1,914,567	1,927,400
Noncurrent debt	5,792,545	7,398,957	3,796,006	4,104,161	9,588,551	11,503,118
<b>Total liabilities</b>	<u>37,784,855</u>	<u>36,370,666</u>	<u>5,508,432</u>	<u>5,789,144</u>	<u>43,293,287</u>	<u>42,159,810</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	27,945,881	27,047,147	7,335,256	7,096,537	35,281,137	34,143,684
Restricted	7,537,877	6,524,205	-	-	7,537,877	6,524,205
Unrestricted (Deficit)	(21,269,373)	(17,993,726)	1,597,496	1,504,987	(19,671,877)	(16,488,739)
<b>Total net position</b>	<u>\$ 14,214,385</u>	<u>\$ 15,577,626</u>	<u>\$ 8,932,752</u>	<u>\$ 8,601,524</u>	<u>\$ 23,147,137</u>	<u>\$ 24,179,150</u>

Total current assets within the governmental activities were \$15.2 million and included cash & investments of \$11.3 million and receivables net of allowances of \$3.9 million. Non-current assets within the governmental activities were \$36.2 million and included a \$0.9 million long term receivable for School Building Assistance.

Total current liabilities within the governmental activities were \$3.7 million and included accounts payable of \$1.8 million and bonds and notes payable of \$1.5 million Noncurrent liabilities within the governmental activities were \$34.1 million and included \$14.6 million in postemployment benefits liability, \$13.7 million in net pension liability and \$5.6 million of general obligation bonds payable.

Total current assets within the business-type activities were \$3.6 million and included cash & investments of \$2.8 million and receivables of \$0.8 million.

Current liabilities within the business-type activities were \$0.4 million and included \$0.3 million of bonds and notes payable. Noncurrent liabilities within the business-type activities were \$5.1 million and included \$0.4 million in postemployment benefits liability, \$0.9 million in net pension liability and \$3.8 million of general obligation bonds payable.

Governmental activities current assets have increased by 3.5% as compared with FY2014 while business-type activity (water) current assets decreased by 14.5%.

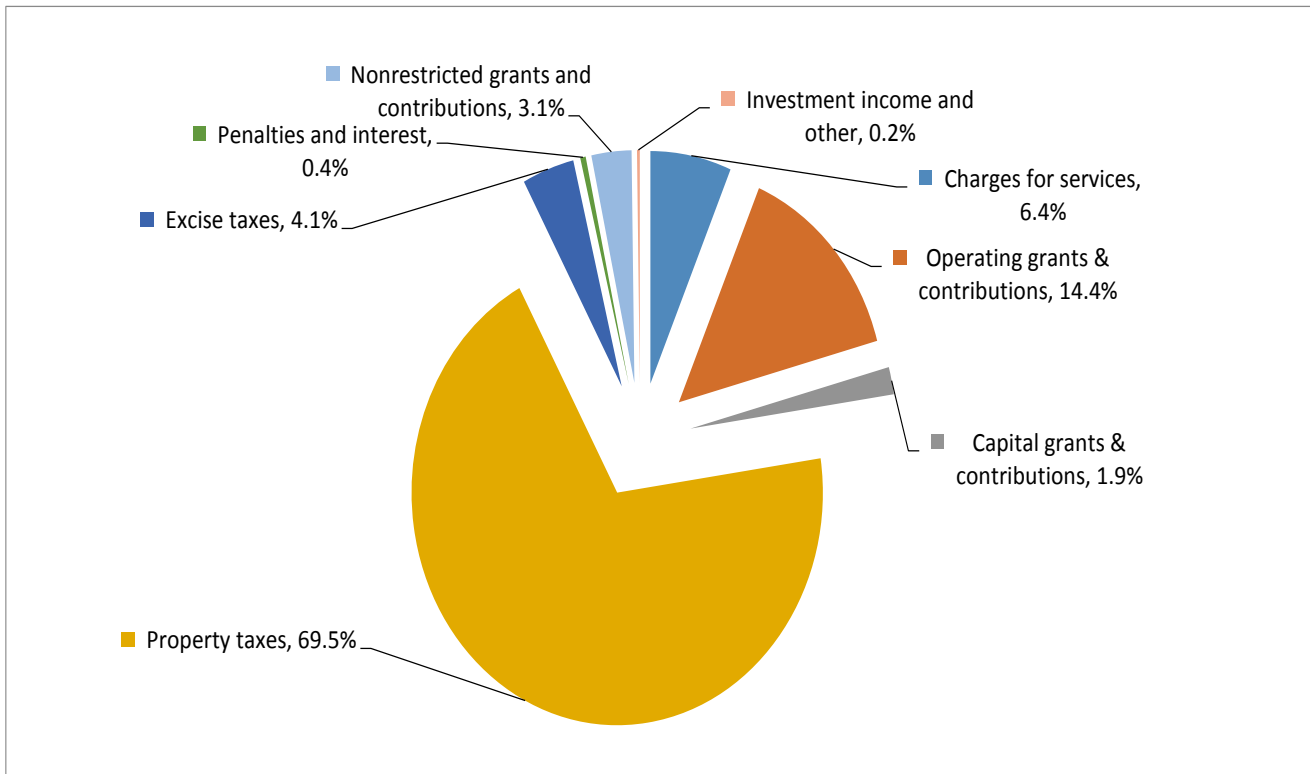
Governmental activities current liabilities' increased by \$0.5 million and non-current liabilities increased \$1.0 million. Business-type activity (water) current liabilities decreased \$0.1 million while non-current liabilities decreased \$0.2 million.

Governmental activities decreased the Town of Wrentham's net position by \$1.4 million. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

**Comparative Changes in Net Position**

	<b>Governmental Activities</b>		Increase/ (Decrease)
	FY 2015	FY 2014	
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for services	\$ 2,590,198	\$ 2,366,630	\$ 223,568
Operating grants and contributions	5,836,841	6,657,829	(820,988)
Capital grants and contributions	755,764	423,760	332,004
<i>General Revenues:</i>			
Real Estate and personal property taxes	28,246,223	27,461,034	785,189
Motor vehicle and other excise taxes	1,666,813	1,814,219	(147,406)
Penalties and interest	174,028	131,840	42,188
Payments in lieu of taxes	8,800	10,507	(1,707)
Nonrestricted grants and contributions	1,277,145	1,175,293	101,852
Unrestricted investment income & other	80,536	52,743	27,793
<b>Total Revenues</b>	<u>40,636,348</u>	<u>40,093,855</u>	<u>542,493</u>
<b>Expenses:</b>			
General Government	1,576,150	1,382,035	194,115
Public Safety	5,280,858	5,209,734	71,124
Education	21,706,391	21,060,822	645,569
Public Works	3,277,709	3,003,960	273,749
Human Services	455,727	380,561	75,166
Culture and Recreation	864,075	893,279	(29,204)
Employee Benefits	8,169,537	7,665,303	504,234
State and County Assessments	365,573	360,650	4,923
Interest	308,669	346,417	(37,748)
<b>Total Expenses</b>	<u>42,004,689</u>	<u>40,302,761</u>	<u>1,701,928</u>
<b>Increase/(Decrease) in Net Position before Contributions to Term and Permanent Endowments or Permanent Fund Principal, and Transfers</b>	(1,368,341)	(208,906)	(1,159,435)
<b>Contribution to Permanent Funds</b>	5,100	14,400	(9,300)
<b>Transfers</b>	-	(12,257)	12,257
<b>Change in Net Position</b>	<u>(1,363,241)</u>	<u>(206,763)</u>	<u>(1,156,478)</u>
<b>Net Position - beginning</b>	<u>15,577,626</u>	<u>15,784,389</u>	
<b>Net Position - ending</b>	<u>\$ 14,214,385</u>	<u>\$ 15,577,626</u>	

## Governmental Activities –FY2015 Revenues



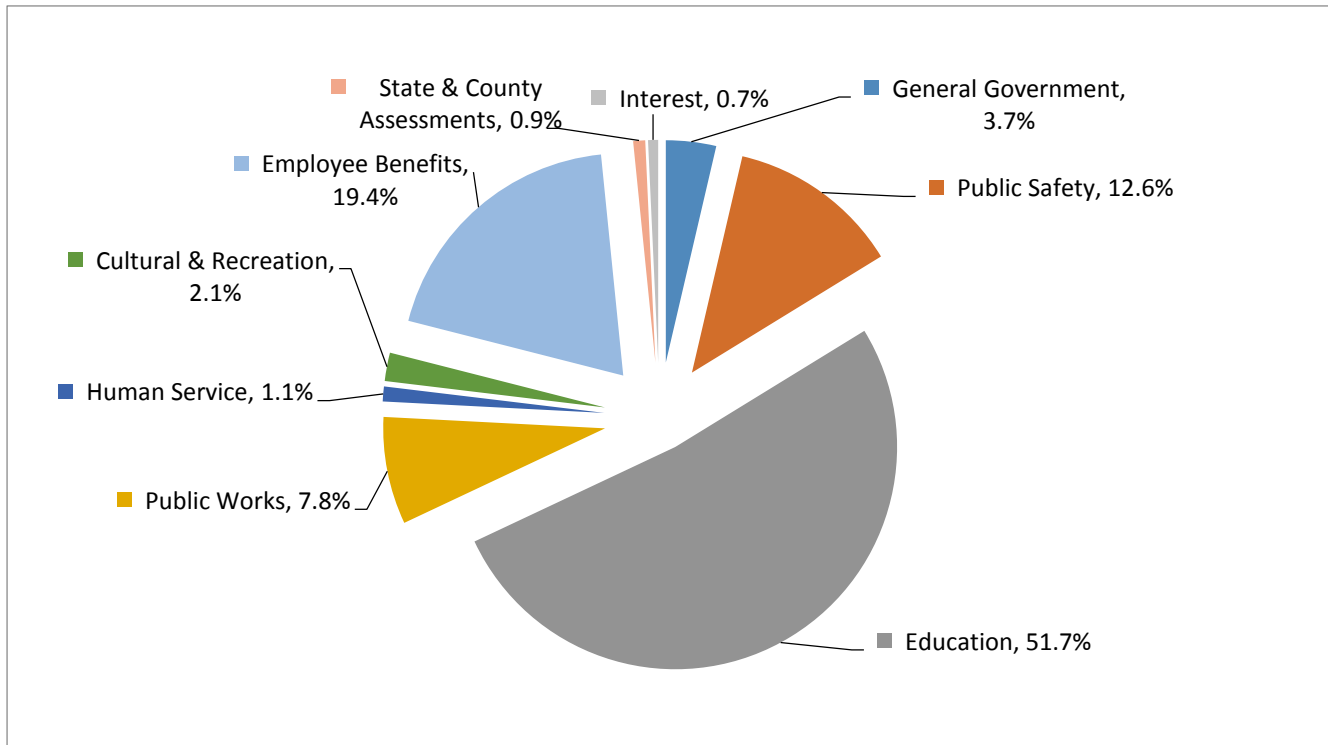
### Revenues

Property taxes support 69.5% of the Town's governmental activities. When compared to the prior year's distribution, the percentage of total for Property taxes decreased by 1.8% while operating grants & contributions increased 1.1%. The remaining revenue categories showed an insignificant change if any at all. This continues the pressure to raise property tax revenue to the statutory maximum allowed.

Just under 72% of the operating grants and contributions apply to education operations. Approximately 42% and 32% of the charges for services revenue represent revenues generated for the public safety departments (Police, Fire, Dispatch and Inspection) and education services respectively.

As in FY2014, 100% of capital grants and contributions apply to public works.

## Governmental Activities – FY2015 Expenses



### Expenses

Attributing for 51.7% of the total expenditures, education remains the largest governmental activity of the Town. Just under \$16.7 million in taxes and other revenues were needed to cover the FY2015 operating expenses for education.

Employee benefits and public safety continue to represent the second and third largest governmental activities of the Town. Approximately \$7.0 million and \$4.1 million of taxes and other revenues were needed to cover the FY2015 operating expenses for those two activities respectively.

The Town's management has been and continues to be committed to strong budgetary controls. In total, departmental expenses increased 4.2% in comparison to FY2014, of which 38% and 30% was education and employee benefits expenditures respectively.

## Business-Type Activities

The Water operation is the single activity reported as a business-type.

Business-type activities net position increased by \$331,228. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

<b>Comparative Changes in Net Position</b>			
	<b>Business-type Activities</b>		Increase/ (Decrease)
	FY 2015	FY 2014	
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for services	\$ 2,231,003	\$ 1,871,349	\$ 359,654
Operating grants and contributions	11,479	120,637	(109,158)
Capital grants and contributions	105,131	107,875	(2,744)
<b>Total Revenues</b>	<u>2,347,613</u>	<u>2,099,861</u>	<u>247,752</u>
<b>Expenses:</b>			
Water	<u>2,016,385</u>	<u>1,807,403</u>	<u>208,982</u>
<b>Excess/(deficiency) in revenues over/(under) expenses</b>	<u>331,228</u>	<u>292,458</u>	<u>38,770</u>
<b>Transfers</b>	<u>-</u>	<u>12,257</u>	<u>(12,257)</u>
<b>Change in Net Position</b>	<u>331,228</u>	<u>304,715</u>	<u>26,513</u>
<b>Net Position - beginning</b>	<u>8,601,524</u>	<u>8,296,809</u>	
<b>Net Position - ending</b>	<u>\$ 8,932,752</u>	<u>\$ 8,601,524</u>	

## ***Financial Analysis of the Government's Funds***

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

### **Governmental Funds**

The focus of the Town of Wrentham'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 financial requirements. In particular, unassigned fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$9.7 million, a decrease of \$0.6 million in comparison with the prior fiscal year. The General Fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance was \$4,339,635 while total fund balance was \$6,928,613. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net position for the Water operation was \$8.9 million; \$7.3 million of which relates to the Town's net investment in capital assets.

### **General Fund Budgetary Highlights**

The original general fund budget was increased by \$273,036 to the final budget of approximately \$38.2 million. Additional funds were primarily needed for public works expenditures.

Revenues exceeded budgetary amounts by \$1,081,905 and expenditures were less than budgetary amounts by \$905,676. The greatest budgetary savings was seen in general government. Favorable revenue types include motor vehicle excise, property taxes and departmental. All departments realized budget savings reflecting extraordinary budgetary management.



## 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, 2015 amount to \$46,102,071 (net of accumulated depreciation). This investment includes land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure.

<b>Capital Assets</b>			
<b>(Net of Accumulated Depreciation)</b>			
<b>Governmental activities</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Increase/ (Decrease)</b>
General Government	\$ 6,960,635	\$ 7,043,039	\$ (82,404)
Public Safety	8,280,137	8,644,334	(364,197)
Education	10,189,721	10,534,617	(344,896)
Public Works	6,739,713	6,584,567	155,146
Human Services	144,984	133,656	11,328
Culture & Recreation	3,029,648	3,130,136	(100,488)
<b>Total by function</b>	<b>35,344,838</b>	<b>36,070,349</b>	<b>(725,511)</b>
<b>Business-type activities</b>			
Water	10,757,233	10,127,697	629,536
<b>Grand Total</b>	<b>\$ 46,102,071</b>	<b>\$ 46,198,046</b>	<b>\$ (95,975)</b>

### Debt

The Town continues to hold a Standard & Poor's rating of AA+. At the end of the fiscal year the Town had a total bonded debt outstanding of \$11,210,907. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the government. The Town has no revenue bonds outstanding, which are bonds secured solely by specified revenue sources.

No General Obligation Bonds were issued during FY2015.

**Outstanding Debt at Year End**

<b>Governmental Activities</b>	<b>Outstanding June 30, 2015</b>	<b>Outstanding June 30, 2014</b>
School Buildings	\$ 2,720,000	\$ 3,455,000
Municipal Buildings	2,910,000	3,780,000
Land Acquisition	605,000	730,000
Other	871,746	686,718
<b>Total Governmental Activities</b>	<b>\$ 7,106,746</b>	<b>\$ 8,651,718</b>
<b>Business-type Activities</b>		
Water Mains/Improvements	\$ 4,104,161	\$ 4,407,316

Additional information on the Town’s debt service can be found in the *Notes to the Financial Statements* (**Note 8** – Short-term financing and **Note 9** – Long-term debt).

**Economic Factors and Next Year’s Budget and Rates**

The fiscal difficulties experienced by the Commonwealth of Massachusetts are projected to improve in the coming years. Residential property growth has been slow but steady. The Town has 150 acres of prime developable land near the Wrentham Outlet Mall which accommodates approximately 13 million visitors per year. The Town has taken a proactive position on attracting hotel development. The Town is positioned to take advantage of recovering conditions and development opportunities are well documented by the Economic Development Committee. The outlook is cautiously optimistic.

Employee benefits, education requirements and the general maintenance of assets are expected to pressure operating budgets. Conservative increases to services are expected over the next few years.

At a Special Town Election held on November 4, 2014 the Town accepted Chapter 116 of the Acts of 2014; establishing a Charter for the Town of Wrentham. This Charter will codify the structure, authorities and processes to help ensure operational consistency going forward. It also affirms the Town’s right to conduct local government in accordance with the Commonwealth’s Home Rule Amendments, in a way that is responsive to and consistent with local concerns and needs. The Charter is intended to be the keystone for modernizing and implementing consistent policies and procedures across the Town’s boards and departments to significantly improve the effectiveness and efficiency of municipal operations.

The Town has a balanced budget for FY2016 and remains diligent in its efforts to balance the FY2017 budget.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town of Wrentham's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Office of the Town Accountant, 79 South Street, Wrentham, MA 02093.

**TOWN OF WRENTHAM, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 8,434,983	\$ 2,843,320	\$ 11,278,303
INVESTMENTS	2,857,657	-	2,857,657
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	263,981	-	263,981
TAX LIENS	903,248	-	903,248
MOTOR VEHICLE EXCISE TAXES	78,997	-	78,997
USER FEES	427,018	803,229	1,230,247
DEPARTMENTAL AND OTHER	163,450	-	163,450
INTERGOVERNMENTAL	2,069,664	-	2,069,664
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	890,144	-	890,144
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	35,344,838	10,757,233	46,102,071
<b>TOTAL ASSETS</b>	<b>51,433,980</b>	<b>14,403,782</b>	<b>65,837,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
RELATED TO PENSIONS	565,260	37,402	602,662
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>51,999,240</b>	<b>14,441,184</b>	<b>66,440,424</b>
<b><u>LIABILITIES</u></b>			
CURRENT:			
ACCOUNTS PAYABLE	1,849,568	83,607	1,933,175
OTHER LIABILITIES	66,871	-	66,871
ACCRUED INTEREST	56,918	10,875	67,793
CAPITAL LEASES PAYABLE	81,440	-	81,440
BONDS AND NOTES PAYABLE	1,524,972	308,155	1,833,127
COMPENSATED ABSENCES	118,586	8,126	126,712
NONCURRENT:			
CAPITAL LEASES PAYABLE	210,771	-	210,771
COMPENSATED ABSENCES	16,721	2,771	19,492
POSTEMPLOYMENT BENEFITS	14,588,889	393,152	14,982,041
NET PENSION LIABILITY	13,688,345	905,740	14,594,085
BONDS AND NOTES PAYABLE	5,581,774	3,796,006	9,377,780
<b>TOTAL LIABILITIES</b>	<b>37,784,855</b>	<b>5,508,432</b>	<b>43,293,287</b>
<b><u>NET POSITION</u></b>			
NET INVESTMENT IN CAPITAL ASSETS	27,945,881	7,335,256	35,281,137
RESTRICTED FOR:			
STREETS	1,614,126	-	1,614,126
PERMANENT FUNDS:			
EXPENDABLE	139,185	-	139,185
NONEXPENDABLE	243,963	-	243,963
OTHER PURPOSES	5,540,603	-	5,540,603
UNRESTRICTED	(21,269,373)	1,597,496	(19,671,877)
<b>TOTAL NET POSITION</b>	<b>\$ 14,214,385</b>	<b>\$ 8,932,752</b>	<b>\$ 23,147,137</b>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2015**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>EXPENSES</u></b>	<b><u>PROGRAM REVENUES</u></b>			<b><u>NET (EXPENSE) REVENUE</u></b>
		<b><u>CHARGES FOR SERVICES</u></b>	<b><u>OPERATING GRANTS AND CONTRIBUTIONS</u></b>	<b><u>CAPITAL GRANTS AND CONTRIBUTIONS</u></b>	
<b>PRIMARY GOVERNMENT:</b>					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,576,150	\$ 163,701	\$ 254,790	\$ -	\$ (1,157,659)
PUBLIC SAFETY	5,280,858	1,094,535	78,596	-	(4,107,727)
EDUCATION	21,706,391	823,232	4,188,952	-	(16,694,207)
PUBLIC WORKS	3,277,709	103,962	5,518	755,764	(2,412,465)
HUMAN SERVICES	455,727	167,702	75,087	-	(212,938)
CULTURE & RECREATION	864,075	237,066	69,533	-	(557,476)
EMPLOYEE BENEFITS	8,169,537	-	1,164,365	-	(7,005,172)
STATE & COUNTY ASSESSMENTS	365,573	-	-	-	(365,573)
INTEREST	308,669	-	-	-	(308,669)
TOTAL GOVERNMENTAL ACTIVITIES	<u>42,004,689</u>	<u>2,590,198</u>	<u>5,836,841</u>	<u>755,764</u>	<u>(32,821,886)</u>
BUSINESS-TYPE ACTIVITIES:					
WATER	<u>2,016,385</u>	<u>2,231,003</u>	<u>11,479</u>	<u>105,131</u>	<u>331,228</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 44,021,074</u>	<u>\$ 4,821,201</u>	<u>\$ 5,848,320</u>	<u>\$ 860,895</u>	<u>\$ (32,490,658)</u>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WRENTHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2015**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (32,821,886)	\$ 331,228	\$ (32,490,658)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	28,119,305	-	28,119,305
TAX LIENS	126,918	-	126,918
MOTOR VEHICL EXCISE TAXES	1,666,813	-	1,666,813
PENALTIES AND INTEREST ON TAXES	174,028	-	174,028
PAYMENTS IN LIEU OF TAXES	8,800	-	8,800
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,277,145	-	1,277,145
UNRESTRICTED INVESTMENT INCOME	50,468	-	50,468
CONTRIBUTIONS TO PERMANENT FUNDS	5,100	-	5,100
MISCELLANEOUS	30,068	-	30,068
TOTAL GENERAL REVENUES	31,458,645	-	31,458,645
CHANGE IN NET POSITION	(1,363,241)	331,228	(1,032,013)
<b>NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	15,577,626	8,601,524	24,179,150
<b>END OF YEAR</b>	\$ 14,214,385	\$ 8,932,752	\$ 23,147,137

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WRENTHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

<b>ASSETS</b>	<b>GENERAL</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 6,160,669	\$ 2,274,314	\$ 8,434,983
INVESTMENTS	2,241,271	616,386	2,857,657
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	263,981	-	263,981
TAX LIENS	903,248	-	903,248
MOTOR VEHICLE EXCISE TAXES	78,997	-	78,997
USER FEES	-	427,018	427,018
DEPARTMENTAL AND OTHER	-	163,450	163,450
INTERGOVERNMENTAL	1,211,691	1,748,117	2,959,808
<b>TOTAL ASSETS</b>	<b>\$ 10,859,857</b>	<b>\$ 5,229,285</b>	<b>\$ 16,089,142</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,569,182	\$ 280,386	\$ 1,849,568
OTHER LIABILITIES	66,871	-	66,871
<b>TOTAL LIABILITIES</b>	<b>1,636,053</b>	<b>280,386</b>	<b>1,916,439</b>
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	2,295,191	2,204,594	4,499,785
FUND BALANCES:			
NONSPENDABLE	-	243,963	243,963
RESTRICTED	-	2,662,093	2,662,093
COMMITTED	158,706	-	158,706
ASSIGNED	2,430,272	-	2,430,272
UNASSIGNED	4,339,635	(161,751)	4,177,884
<b>TOTAL FUND BALANCES</b>	<b>6,928,613</b>	<b>2,744,305</b>	<b>9,672,918</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,859,857</b>	<b>\$ 5,229,285</b>	<b>\$ 16,089,142</b>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,312,647	\$ -	\$ 28,312,647
MOTOR VEHICLE EXCISE TAXES	1,764,123	-	1,764,123
PENALTIES AND INTEREST ON TAXES	166,701	-	166,701
INTERGOVERNMENTAL CHARGES FOR SERVICES	6,313,242	700,414	7,013,656
INVESTMENT INCOME	50,467	6,576	57,043
CONTRIBUTIONS & DONATIONS	-	79,433	79,433
DEPARTMENTAL AND OTHER	1,335,009	48,474	1,383,483
<b>TOTAL REVENUES</b>	<b>37,942,189</b>	<b>2,362,668</b>	<b>40,304,857</b>
<b>EXPENDITURES:</b>			
CURRENT:			
GENERAL GOVERNMENT	1,451,468	42,278	1,493,746
PUBLIC SAFETY	4,801,523	194,411	4,995,934
EDUCATION	19,936,650	1,424,845	21,361,495
PUBLIC WORKS	2,965,595	467,260	3,432,855
HUMAN SERVICES	387,828	79,227	467,055
CULTURE & RECREATION	471,017	292,570	763,587
EMPLOYEE BENEFITS	6,162,153	-	6,162,153
STATE & COUNTY ASSESSMENTS	365,573	-	365,573
DEBT SERVICE			
PRINCIPAL	1,544,972	-	1,544,972
INTEREST	316,796	-	316,796
<b>TOTAL EXPENDITURES</b>	<b>38,403,575</b>	<b>2,500,591</b>	<b>40,904,166</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(461,386)</b>	<b>(137,923)</b>	<b>(599,309)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
OPERATING TRANSFERS IN	437,313	-	437,313
OPERATING TRANSFERS OUT	-	(437,313)	(437,313)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>437,313</b>	<b>(437,313)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(24,073)</b>	<b>(575,236)</b>	<b>(599,309)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>6,952,686</b>	<b>3,319,541</b>	<b>10,272,227</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 6,928,613</b>	<b>\$ 2,744,305</b>	<b>\$ 9,672,918</b>

See accompanying notes to the basic financial statements



**TOWN OF WRENTHAM, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 9,672,918
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		35,344,838
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		4,499,785
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(56,918)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(7,106,746)	
NET PENSION LIABILITY	(13,688,345)	
DEFERRED OUTFLOWS OF RESOURCES	565,260	
CAPITAL LEASE PAYABLE	(292,211)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(14,588,889)	
COMPENSATED ABSENCES	<u>(135,307)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(35,246,238)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ <u>14,214,385</u></b>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2015**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ (599,309)</b>
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	991,364	
DEPRECIATION EXPENSE	<u>(1,716,875)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(725,511)
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		336,591
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
CAPITAL LEASE PAYMENTS	79,273	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,544,972</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,624,245
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(1,947,211)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	565,260	
NET CHANGE IN NET PENSION LIABILITY	(630,313)	
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	4,880	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>8,127</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(1,999,257)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (1,363,241)</u></b>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,087,355	\$ 28,087,355	\$ 28,312,647	\$ 225,292
MOTOR VEHICLE EXCISE TAXES	1,251,702	1,251,702	1,764,123	512,421
PENALTIES & INTEREST ON TAXES	100,000	100,000	166,701	66,701
INTERGOVERNMENTAL	5,133,012	5,133,012	5,144,684	11,672
INVESTMENT INCOME	10,000	10,000	43,714	33,714
DEPARTMENTAL AND OTHER	1,102,904	1,102,904	1,335,009	232,105
TOTAL REVENUES	<u>35,684,973</u>	<u>35,684,973</u>	<u>36,766,878</u>	<u>1,081,905</u>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	1,896,171	1,717,028	1,434,803	282,225
PUBLIC SAFETY	5,011,504	5,012,004	4,797,171	214,833
EDUCATION	20,044,434	20,044,434	20,016,785	27,649
PUBLIC WORKS	2,826,928	3,252,305	3,002,398	249,907
HUMAN SERVICES	367,511	393,186	387,543	5,643
CULTURE & RECREATION	476,837	476,837	471,017	5,820
EMPLOYEE BENEFITS	5,098,866	5,099,493	5,001,941	97,552
STATE & COUNTY ASSESSMENTS	356,686	356,686	365,573	(8,887)
DEBT SERVICE:				
PRINCIPAL	1,544,972	1,544,972	1,544,972	-
INTEREST	343,456	343,456	312,522	30,934
TOTAL EXPENDITURES	<u>37,967,365</u>	<u>38,240,401</u>	<u>37,334,725</u>	<u>905,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,282,392)</u>	<u>(2,555,428)</u>	<u>(567,847)</u>	<u>1,987,581</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	410,099	410,099	437,313	27,214
NET CHANGE IN FUND BALANCE	(1,872,293)	(2,145,329)	(130,534)	2,014,795
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	4,718,293	4,718,293	4,718,293	-
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 2,846,000</u>	<u>\$ 2,572,964</u>	<u>\$ 4,587,759</u>	<u>\$ 2,014,795</u>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>WATER ENTERPRISE FUND</b>
<b><u>ASSETS</u></b>	
CURRENT:	
CASH AND SHORT-TERM INVESTMENTS	\$ 2,843,320
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES	803,229
TOTAL CURRENT ASSETS	3,646,549
NONCURRENT:	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	10,757,233
<b>TOTAL ASSETS</b>	<b>14,403,782</b>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	37,402
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<b>14,441,184</b>
<b><u>LIABILITIES</u></b>	
CURRENT:	
ACCOUNTS PAYABLE	83,607
ACCRUED INTEREST	10,875
BONDS AND NOTES PAYABLE	308,155
COMPENSATED ABSENCES	8,126
TOTAL CURRENT LIABILITIES	410,763
NONCURRENT:	
COMPENSATED ABSENCES	2,771
OTHER POSTEMPLOYMENT BENEFITS	393,152
NET PENSION LIABILITY	905,740
BONDS AND NOTES PAYABLE	3,796,006
TOTAL NONCURRENT LIABILITIES	5,097,669
<b>TOTAL LIABILITIES</b>	<b>5,508,432</b>
<b><u>NET POSITION</u></b>	
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	7,335,256 1,597,496
<b>TOTAL NET POSITION</b>	<b>\$ 8,932,752</b>

**TOWN OF WRENTHAM, MASSACHUSETTS  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FISCAL YEAR ENDED JUNE 30, 2015**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>WATER ENTERPRISE FUND</b>
<b><u>OPERATING REVENUES:</u></b>	
CHARGES FOR SERVICES	\$ 2,231,003
<b><u>OPERATING EXPENSES:</u></b>	
GENERAL SERVICES	1,428,220
DEPRECIATION	426,680
TOTAL OPERATING EXPENSES	1,854,900
OPERATING INCOME (LOSS)	376,103
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>	
INTERGOVERNMENTAL	105,131
INTEREST INCOME	11,479
INTEREST EXPENSE	(161,485)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET (LOSS)	(44,875)
<b>CHANGE IN NET POSITION</b>	331,228
<b>NET POSITION AT BEGINNING OF YEAR</b>	8,601,524
<b>NET POSITION AT END OF YEAR</b>	\$ 8,932,752

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FISCAL YEAR ENDED JUNE 30, 2015**

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>WATER ENTERPRISE FUND</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,148,565
PAYMENTS TO SUPPLIERS	(890,526)
PAYMENTS TO EMPLOYEES	(552,444)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	705,595
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(261,597)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,056,216)
INTEREST EXPENSE	(98,121)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,415,934)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
INTEREST RECEIVED	11,479
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(698,860)
<b>CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR</b>	<b>3,542,180</b>
<b>CASH AND SHORT TERM INVESTMENTS- END OF YEAR</b>	<b>\$ 2,843,320</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>	
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>	
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 376,103</b>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	426,680
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(82,438)
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(37,402)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(89,599)
INCREASE (DECREASE) IN COMPENSATED ABSENCES	4,263
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	66,281
INCREASE (DECREASE) IN NET PENSION LIABILITY	41,707
TOTAL ADJUSTMENTS	329,492
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 705,595</b>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<b><u>AGENCY FUNDS</u></b>
<b><u>ASSETS</u></b>	
CASH AND SHORT-TERM INVESTMENTS	<u>\$ 470,584</u>
<b><u>LIABILITIES</u></b>	
ACCOUNTS PAYABLE	18,705
OTHER LIABILITIES	<u>451,879</u>
TOTAL LIABILITIES	<u>470,584</u>
<b><u>NET POSITION</u></b>	<u>\$ -</u>

**See accompanying notes to the basic financial statements**

**TOWN OF WRENTHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

*Primary Government*

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

*Joint Ventures*

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
King Philip Regional School District	To provide secondary education	P.O. Box 49 201 Franklin St. Wrentham, Ma. 02093	\$ 8,815,290
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 842,864

The King Philip Regional School District (the District) is governed by a nine (9)-member school committee consisting of two (2) elected representatives and one (1) representative appointed by the local school committee from the Town of Wrentham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 39.71% in the joint venture.



**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The Tri-County Regional Vocational-Technical High School (the District) is governed by a fourteen (14)-member school committee consisting of one (1) elected representative from the Town of Wrentham. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 9% in the joint venture.

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

*Major Fund Criteria*

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

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

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

Fiduciary funds are reported by fund type.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the 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 particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

**Governmental Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non current portion of compensated absences, capital leases, net pension liability, and other postemployment benefits (**OPEB**) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
  - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

### **Proprietary Fund Financial Statements**

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

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

The following major proprietary fund is reported:

- The *Water Enterprise fund* is used to account for water activities.

### **Fiduciary Fund Financial Statements**

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

The following fiduciary fund type is reported:

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

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of *the Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**D. Cash and Investments**

*Government-Wide and Fund Financial Statements*

Cash and short term investments 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 are reported at fair value.

**E. Accounts Receivable**

*Government-Wide and Fund Financial Statements*

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

*Real Estate, Personal Property Taxes and Tax Liens*

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

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

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

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

*Motor Vehicle Excise*

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

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

*Water*

User fees are levied semi-annually based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water liens are processed in December of every year and included as a lien on the property owner's tax bill. Water charges and related liens are recorded as receivables in the fiscal year of the levy.

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

*Departmental and Other*

Departmental and other receivables consist primarily of septic receivables and are recorded as receivables in the fiscal year accrued.

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

*Intergovernmental*

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

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

**F. Inventories**

*Government-Wide and Fund Financial Statements*

Inventories of the governmental funds and the water enterprise fund are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**G. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, plant in service, software, infrastructure (e.g., water mains, roadways and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of four years or greater.

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

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital improvements (other than buildings)	10-20
Machinery and equipment	5-10
Vehicles	5-15
Software	4
Plant in service	40
Infrastructure	20-40

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

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**H. Interfund Receivables and Payables**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**I. Interfund Transfers**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**J. Deferred Inflows of Resources**

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the fund level consists of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

**TOWN OF WRENTHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**K. Net Position and Fund Equity**

*Government-Wide Financial Statements (Net Position)*

Net position are classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
  - *Permanent funds – expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
  - *Permanent funds – nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
  - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.



**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

### **L. Long-term debt**

#### *Government-Wide and Proprietary Fund Financial Statements*

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

#### *Governmental Fund Financial Statements*

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

### **M. Investment Income**

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

### **N. Compensated Absences**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

#### *Government-Wide and Proprietary Fund Financial Statements*

The total amount to be paid in future years is presented in the government-wide and proprietary fund statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2015 is recorded in the governmental fund financial statement.

**O. Net Pension Liability**

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

**P. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 75% or 50% share of insurance premiums, depending on the plan, in the general fund in the fiscal year paid. All benefits are provided through the West Suburban Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group.

**Q. Use of Estimates**

*Government-Wide and Fund Financial Statements*

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

**TOWN OF WRENTHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**R. Total Column**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. Carryover articles, not encumbrances, are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2015 approved budget authorized \$37,722,580 in current year appropriations and other amounts to be raised and \$244,785 in carryover articles carried over from previous fiscal years. Supplemental appropriations of \$273,036 were approved at one Town Meeting for fiscal year 2015.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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*B. Budgetary – GAAP Reconciliation*

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

Net change in fund balance - budgetary basis	\$ (130,534)
Basis of accounting differences:	
Net Stabilization fund activity	6,754
Adjustment for current year encumbrances	217,128
Increase in revenue for the MWPAT subsidy	4,274
Increase in expenditures for the MWPAT subsidy	(4,274)
Increase in revenue for on-behalf payments - MTRS	1,164,284
Increase in expenditures for on-behalf payments - MTRS	(1,164,284)
Adjustment for expenditures from prior year encumbrances	<u>(117,421)</u>
Net change in fund balance - GAAP basis	<u>\$ (24,073)</u>

*C. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and/or proceeds of long term debt during fiscal year 2016.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

*Deposits*

▪ *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

The Town does not have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), the Depositor's Insurance Fund (DIF), and the Share Insurance Fund (SIF). The Town also carries deposits that are uninsured and uncollateralized.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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The following table illustrates how much of the Town's bank deposits are insured, and how much of the Town's bank deposits are uninsured and uncollateralized as of June 30, 2015:

Total bank balances		<u>\$ 11,983,880</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,163,033	
Depositors Insurance Fund (DIF)	2,507,244	
Share Insurance Fund (SIF)	<u>675,438</u>	
Total bank balances covered by deposit insurance		5,345,715
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>6,638,165</u>	
Total bank balances subject to custodial credit risk		<u>6,638,165</u>
Total bank balances		<u>\$ 11,983,880</u>

*Investments*

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

- *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

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Presented below is the actual rating as of year-end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End		
			AAA	AA+	Unrated
U.S. Government & Agency Securities	\$ 2,485,287	N/A	\$ 2,385,058	\$ 100,229	\$ -
Money Market Mutual Funds	306,504	N/A	-	-	306,504
Fixed Income Mutual Fund	31,936	N/A	-	-	31,936
Common stock	33,930	N/A	-	-	33,930
<b>Total Investments</b>	<b>\$ 2,857,657</b>		<b>\$ 2,385,058</b>	<b>\$ 100,229</b>	<b>\$ 372,370</b>

The Town has not adopted a formal policy related to credit risk.

- *Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The Town has no custodial credit risk exposure related to the U.S. Government and Agency Securities, or the Common Stock because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The Town does not have an investment policy for custodial credit risk.

- *Interest Rate Risk*

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<b><i>Debt Related Securities:</i></b>			
Fixed Income Mutual	\$ 31,936	\$ -	\$ 31,936
U.S. Government & Agency	2,485,287	500,621	1,984,666
Total - Debt related securities	2,517,223	500,621	2,016,602
<b><i>Other Investments:</i></b>			
Money Market Mutual Funds	306,504	306,504	-
Common Stock	33,930	33,930	-
Total Other Investments	340,434	340,434	-
Total Investments	\$ 2,857,657	\$ 841,055	\$ 2,016,602

- *Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. The Town did not hold more than 5% of its investments in any one issuer.

**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2015 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 305,681	\$ (41,700)	\$ 263,981
Tax liens	903,248	-	903,248
Motor vehicle and other excise taxes	191,131	(112,134)	78,997
Departmental and other	163,450	-	163,450
User fees	962,018	(535,000)	427,018
Intergovernmental	2,959,808	-	2,959,808
Total	\$ 5,485,336	\$ (688,834)	\$ 4,796,502

**TOWN OF WRENTHAM, MASSACHUSETTS  
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The Water Enterprise fund receivables as of June 30, 2015 consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Water - User Fees	\$ 803,229	\$ -	\$ 803,229

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. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis			
Deferred Inflows	General Fund	Nonmajor Governmental Funds	Total
Unavailable Revenue	\$ 2,295,191	\$ 2,204,594	\$ 4,499,785



**TOWN OF WRENTHAM, MASSACHUSETTS**  
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**NOTE 5 – CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,631,656	\$ -	\$ -	\$ 4,631,656
Construction in progress	177,014	500,102	-	677,116
Total capital assets not being depreciated	<u>4,808,670</u>	<u>500,102</u>	<u>-</u>	<u>5,308,772</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	34,298,202	-	-	34,298,202
Capital Improvements (other than buildings)	2,341,471	-	-	2,341,471
Machinery and equipment	1,438,320	13,995	-	1,452,315
Vehicles	4,014,529	316,258	(117,139)	4,213,648
Software	183,249	-	-	183,249
Infrastructure	12,342,780	161,009	-	12,503,789
Total capital assets being depreciated	<u>54,618,551</u>	<u>491,262</u>	<u>(117,139)</u>	<u>54,992,674</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(12,312,513)	(853,850)	-	(13,166,363)
Capital Improvements (other than buildings)	(924,398)	(76,549)	-	(1,000,947)
Machinery and equipment	(1,166,137)	(68,238)	-	(1,234,375)
Vehicles	(2,579,985)	(243,691)	117,139	(2,706,537)
Software	(114,018)	(19,780)	-	(133,798)
Infrastructure	(6,259,821)	(454,767)	-	(6,714,588)
Total accumulated depreciation	<u>(23,356,872)</u>	<u>(1,716,875)</u>	<u>117,139</u>	<u>(24,956,608)</u>
Total capital assets being depreciated, net	<u>31,261,679</u>	<u>(1,225,613)</u>	<u>-</u>	<u>30,036,066</u>
Total governmental activities capital assets, net	<u>\$ 36,070,349</u>	<u>\$ (725,511)</u>	<u>\$ -</u>	<u>\$ 35,344,838</u>

**TOWN OF WRENTHAM, MASSACHUSETTS  
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<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 645,101	\$ -	\$ -	\$ 645,101
Construction in Progress	815,389	862,802	-	1,678,191
Total capital assets not being depreciated	815,389	862,802	-	1,678,191
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	104,000	-	-	104,000
Plant in service	7,385,403	-	-	7,385,403
Machinery & Equipment	149,333	-	-	149,333
Vehicles	293,477	193,414	-	486,891
Infrastructure	6,461,958	-	-	6,461,958
Total capital assets being depreciated	14,394,171	193,414	-	14,587,585
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(75,771)	(1,250)	-	(77,021)
Plant in service	(2,109,842)	(242,386)	-	(2,352,228)
Machinery & Equipment	(50,027)	(11,682)	-	(61,709)
Vehicles	(186,245)	(26,145)	-	(212,390)
Infrastructure	(2,659,978)	(145,217)	-	(2,805,195)
Total accumulated depreciation	(5,081,863)	(426,680)	-	(5,508,543)
Total capital assets being depreciated, net	9,312,308	(233,266)	-	9,079,042
Total business-type activities capital assets, net	\$ 10,127,697	\$ 629,536	\$ -	\$ 10,757,233

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

<b>Governmental Activities:</b>	
General government	\$ 162,064
Public safety	424,854
Education	445,653
Public works	538,249
Human services	10,672
Culture and recreation	135,383
Total depreciation expense - governmental activities	<u>\$ 1,716,875</u>
<b>Business-Type Activities:</b>	
Water	<u>\$ 426,680</u>

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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**NOTE 6 – CAPITAL LEASES**

The Town has entered into two lease agreements as lessee for financing the acquisitions of a fire truck and a Ford Expedition. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 555,932
Less: Accumulated depreciation	(73,365)
	\$ 482,567

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30		Governmental Activities
	2016	\$ 87,882
	2017	73,072
	2018	73,072
	2019	73,071
Total minimum lease payments		307,097
Less: amount representing interest		(14,886)
Present value of minimum lease payments		\$ 292,211

**TOWN OF WRENTHAM, MASSACHUSETTS  
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**NOTE 7 – INTERFUND TRANSFERS**

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

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>	
	General Fund	
Nonmajor Governmental Funds	\$ 410,099	(1)
Nonmajor Governmental Funds	<u>27,214</u>	(2)
 Total	 <u>\$ 437,313</u>	

- 1) Represents various budgeted transfers to supplement the operating budget.
- 2) Represents other transfers to the general fund.

**NOTE 8 – SHORT -TERM FINANCING**

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current projects costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipated notes (SAANS).

Short-term loans are general obligations of the Town and maturity dates are governed by statute.

The Town did not engage in any short term borrowing during fiscal year 2015.

**TOWN OF WRENTHAM, MASSACHUSETTS  
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**NOTE 9 – LONG-TERM DEBT**

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth’s Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit however require the approval of the Commonwealth’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2015:

**Bonds and Notes Payable Schedule – Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Multi-Purpose	4.08	\$ 1,280,000	\$ -	\$ 305,000	\$ 975,000
Public Safety Building	3.11	2,280,000	-	570,000	1,710,000
Title V septage	Var	90,212	-	9,972	80,240
Multi-Purpose	3.60	2,110,000	-	355,000	1,755,000
Title V septage	-	80,959	-	6,747	74,212
Multi-Purpose	Var	1,965,000	-	220,000	1,745,000
Title V septage	-	45,547	-	3,253	42,294
Multi-Purpose	2.50	800,000	-	75,000	725,000
<b>Total</b>		<b>\$ 8,651,718</b>	<b>\$ -</b>	<b>\$ 1,544,972</b>	<b>\$ 7,106,746</b>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 1,524,972	\$ 258,166	\$ 1,783,138
2017	1,459,972	200,046	1,660,018
2018	1,384,972	145,922	1,530,894
2019	809,972	92,775	902,747
2020	579,972	59,640	639,612
2021-2025	1,085,378	142,709	1,228,087
2026-2029	261,508	10,436	271,944
<b>Total</b>	<b>\$ 7,106,746</b>	<b>\$ 909,694</b>	<b>\$ 8,016,440</b>

**TOWN OF WRENTHAM, MASSACHUSETTS  
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**Bonds and Notes Payable Schedule - Water Enterprise Fund**

Project	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
MWPAT Water	Var	\$ 1,960,000	\$ -	\$ 165,000	\$ 1,795,000
MWPAT Water	-	47,316	-	3,155	44,161
Water Mains	3.47	900,000	-	60,000	840,000
Water Mains	3.5	<u>1,500,000</u>	<u>-</u>	<u>75,000</u>	<u>1,425,000</u>
<b>Total</b>		<u>\$ 4,407,316</u>	<u>\$ -</u>	<u>\$ 303,155</u>	<u>\$ 4,104,161</u>

The annual debt service requirements for principal and interest for water enterprise fund bonds and notes outstanding at June 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 308,155	\$ 152,479	\$ 460,634
2017	318,155	139,778	457,933
2018	323,155	125,260	448,415
2019	328,155	111,061	439,216
2020	333,155	99,138	432,293
2021-2025	1,530,770	293,495	1,824,265
2026-2030	662,616	121,125	783,741
2031-2034	<u>300,000</u>	<u>26,250</u>	<u>326,250</u>
<b>Total</b>	<u>\$ 4,104,161</u>	<u>\$ 1,068,586</u>	<u>\$ 5,172,747</u>

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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**Loans Authorized and Unissued**

As of June 30, 2015, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Rice Recreation Complex Renovation	6/8/2015	\$ 225,000
Stormwater Compliance	6/8/2015	<u>100,000</u>
		<u>\$ 325,000</u>

**Massachusetts School Building Authority Reimbursements**

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 70% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$296,716 from scheduled annual payments in FY2015 from the MSBA for completed school construction projects.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2015:

<u>Governmental Activities:</u>	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 8,651,718	\$ -	\$ (1,544,972)	\$ 7,106,746	\$ 1,524,972
Capital leases	371,484	-	(79,273)	292,211	81,440
Compensated absences	140,187	-	(4,880)	135,307	118,586
Net pension liability	13,058,032	630,313	-	13,688,345	-
Other postemployment benefits	12,641,678	1,947,211	-	14,588,889	-
<b>Total governmental activities long-term liabilities</b>	<b>\$ 34,863,099</b>	<b>\$ 2,577,524</b>	<b>\$ (1,629,125)</b>	<b>\$ 35,811,498</b>	<b>\$ 1,724,998</b>

<u>Business-Type Activities:</u>	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 4,407,316	\$ -	\$ (303,155)	\$ 4,104,161	\$ 308,155
Compensated absences	6,634	4,263	-	10,897	8,126
Net pension liability	864,033	41,707	-	905,740	-
Other postemployment benefits	326,871	66,281	-	393,152	-
<b>Total business-type activities long-term liabilities</b>	<b>\$ 5,604,854</b>	<b>\$ 112,251</b>	<b>\$ (303,155)</b>	<b>\$ 5,413,950</b>	<b>\$ 316,281</b>

The governmental activities long-term liabilities are generally liquidated by the general fund.

**Overlapping Debt**

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2015:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
King Philip Regional School District Bonds	\$ 17,675,000	39.71%	\$ 7,018,743
Norfolk County Bonds	11,540,000	1.584%	182,794
	<u>\$ 29,215,000</u>		<u>\$ 7,201,537</u>



**TOWN OF WRENTHAM, MASSACHUSETTS  
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**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Permanent Fund Principal	\$ -	\$ 243,963	\$ 243,963
<b>Restricted For:</b>			
General Government	-	157,428	157,428
Public Safety	-	724,198	724,198
Education	-	755,286	755,286
Public Works	-	209,966	209,966
Human Services	-	357,493	357,493
Culture & Recreation	-	230,553	230,553
Sweatt Fund	-	87,984	87,984
Expendable Trust Funds	-	139,185	139,185
	-	2,662,093	2,662,093
<b>Committed To:</b>			
<b>Continuing Appropriations</b>			
General Government	79,233	-	79,233
Public Safety	45,000	-	45,000
Public Works	34,473	-	34,473
	158,706	-	158,706
<b>Assigned To:</b>			
<b>Encumbered For:</b>			
General Government	6,771	-	6,771
Education	143,563	-	143,563
Public Works	62,722	-	62,722
Employees benefits	4,072	-	4,072
Capital Stabilization Fund	592,540	-	592,540
Reserved for subsequent years expenditures	1,620,604	-	1,620,604
	2,430,272	-	2,430,272
<b>Unassigned</b>			
General Fund	2,450,600	-	2,450,600
General Stabilization Fund	1,889,035	-	1,889,035
<b>Nonmajor Governmental Funds</b>			
Public Safety	-	(154,921)	(154,921)
Public Works	-	(6,830)	(6,830)
	4,339,635	(161,751)	4,177,884
<b>Total Governmental Fund Balances</b>	<b>\$ 6,928,613</b>	<b>\$ 2,744,305</b>	<b>\$ 9,672,918</b>

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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**NOTE 11 – STABILIZATION FUNDS**

The Town has established two funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following;

- *The Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$1,889,035 as of June 30, 2015. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The Capital Improvements Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the Town and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Capital Improvements Stabilization fund balance is \$592,540 as of June 30, 2015. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of MGL.

**NOTE 12 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are fully insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$5,000 per incident.

The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2015.

The Town is a member of the West Suburban Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group. The group includes thirteen Towns, one school district, and two educational collaboratives as participants. The group offers a variety of self-funded health plans. Specifically, the group has the following self-insured plans: Blue Cross Blue Shield of MA (BCBSMA) Network Blue New England Exclusive Provider Organization (EPO) plans, Fallon Health Select Care and Direct Care EPO plans, Harvard Pilgrim Health Care (HPHC) EPO plans and Preferred Provider Organization (PPO) plan, and Tufts Health Plan EPO and Tufts Point of Service (POS) plan. Each of the EPO plans is offered at two plan design levels, i.e. Rate Saver and Benchmark plan designs. The Group also offers two Medicare plans that are self-funded for medical claims and fully insured for pharmacy claims through Medicare RX PDP and HPHC Medicare Enhance with Coventry First Health PDP

**TOWN OF WRENTHAM, MASSACHUSETTS  
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The group offers the following health plans on a fully insured basis: BCBSMA Managed Blue for Seniors, Fallon Senior Plan, Tufts Medicare Prim Supplement, and Tufts Medicare Preferred HMO.

As of June 30, 2015, the West Suburban Health Group had \$16,472,835 in assets and \$10,544,142 in liabilities. The net position were \$5,928,693.

**NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

**Plan Description.** Town of Wrentham Postemployment Welfare Benefit Plan (**WPWBP**) is a single-employer defined benefit healthcare plan administered by the Town of Wrentham. **WPRWBP** provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees’ health and life insurance costs.

**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2015, the estimated total Town premiums plus implicit costs for the retiree medical program are \$916,827.

**Annual OPEB Cost and Net OPEB Obligation.** The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation to the plan:

Annual required contribution	\$ 2,852,423
Interest on net OPEB obligation	518,742
Adjustment to annual required contribution (ARC)	<u>(440,846)</u>
Annual OPEB cost (expense)	2,930,319
Contributions made	<u>(916,827)</u>
Increase in net OPEB obligation	2,013,492
Net OPEB obligation - beginning of year	<u>12,968,549</u>
Net OPEB obligation - end of year	<u><u>\$ 14,982,041</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS  
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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the six preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase in OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 2,798,395	25.55%	\$ 2,083,395	\$ 2,083,395
6/30/2010	\$ 3,123,436	29.98%	\$ 2,187,047	\$ 4,270,442
6/30/2011	\$ 2,996,700	27.47%	\$ 2,173,596	\$ 6,444,038
6/30/2012	\$ 3,162,983	28.50%	\$ 2,261,685	\$ 8,705,723
6/30/2013	\$ 3,336,357	30.48%	\$ 2,319,584	\$ 11,025,307
6/30/2014	\$ 2,770,690	29.82%	\$ 1,943,242	\$ 12,968,549
6/30/2015	\$ 2,930,319	31.29%	\$ 2,013,492	\$ 14,982,041

**Funded Status and Funding Progress.** As of June 30, 2013, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$34.469 million, and the actuarial value of assets was \$0.0, resulting in an unfunded actuarial accrued liability (UAAL) of \$34.469 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13.987 million, and the ratio of the UAAL to the covered payroll was 246.4%.

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

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

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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In the June 30, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ration of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.50% percent graded down to 5.00% over five years. Both rates included a 4.0% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2015, was 23 years.

**NOTE 14 – PENSION PLANS**

*A. Plan Descriptions*

The Town is a member of the Norfolk County Contributory Retirement System (The System), a multiple-employer, cost sharing contributory defined benefit pension plan covering eligible employees of the 41 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

The System issues a publically available audited financial report that may be obtained by contacting the system's executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at [www.norfolkcountyretirement.org](http://www.norfolkcountyretirement.org). The MTRS issues a publically available audited financial report that may be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

**B. Benefits Provided**

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consist of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
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Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service in group 1, 50 years of age with 10 years of service if in group 2 and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not disability is work related, the employees age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of living adjustments granted through June 30, 1998, and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted subsequent to June 30, 1998 must be approved by the system and all costs are borne by the system.

### **C. Contributions**

#### *Norfolk County Contributory Retirement System*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. The rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended June 30, 2015 which was \$1,361,510 and 19.69% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Massachusetts Teachers' Retirement System**

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributes to the MTRS. The Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth of Massachusetts, and thus the Town is not required to contribute. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$1,164,284 for fiscal year 2015. In accordance with GASB Statement No. 68, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows or Resources Related to Pensions**

*Pension Liabilities*

At June 30, 2015 the Town reported a liability of \$14,594,085 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2014, the Town's proportion was 2.81% which was no increase from its proportion measured as of December 31, 2013.

*Pension Expense and Deferred Outflows of Resources*

For the year ended June 30, 2015 the Town recognized pension expense of \$1,487,746. At June 30, 2015 the Town reported deferred outflows of resources related to pensions of \$602,662 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2014.

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

<u>Year ended June 30</u>	<u>Amount</u>
2016	\$ 150,666
2017	150,666
2018	150,665
2019	150,665
Totals	<u>\$ 602,662</u>

**TOWN OF WRENTHAM, MASSACHUSETTS  
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**E. Actuarial assumptions**

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

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll. Payroll assumed growth of 4.00% per year.
Cost of Living Increase	3.0% of first \$15,000 of retirement income
Asset valuation method	market value
Inflation rate	4.5%
Projected Salary increases	4.00%
Mortality rates	Based on the RP-2000 mortality table adjusted with scale AA.
Investment rate of return	8.25%

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	7.70%
International Equities	17.5%	6.40%
Fixed Income	19.0%	1.90%
Private Equity	8.5%	11.90%
Real Estate	9.0%	5.20%
Real Assets	5.0%	5.50%
Hedge Funds	9.0%	5.50%
Total	<u>100%</u>	



**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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For the year ended December 31, 2014 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 5.07%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with section 22D and 22F of Chapter 32 of Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Sensitivity of the net pension liability to changes on the discount rate**

The following presents the net pension liability of the system, calculated using the discount rate of 8.25%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25%) or 1 percentage point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
The Towns proportionate share of the net pension liability	\$ 18,288,936	\$ 14,594,085	\$ 11,380,054

Detailed information about the pension plan's fiduciary net position is available in a separately issued Norfolk County Contributory Retirement System financial report.

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 15 – RESTATEMENT DUE TO A CHANGE IN ACCOUNTING STANDARDS**

During 2015, GASB Statement #68, Accounting and Financial Reporting for Pensions was implemented. This resulted in a restatement of the governmental activities and business type activities beginning net positions at June 30, 2014 to reflect the recording net pension liability.

Description	Statement of Net Position	
	Primary Government	
	Governmental Activities	Business-type Activities
Total Net Positions at June 30, 2014, as previously reported	\$ 28,635,658	\$ 9,465,557
To record the beginning net pension liability	(13,058,032)	(864,033)
Total Net Positions at June 30, 2014, as restated	<u>\$ 15,577,626</u>	<u>\$ 8,601,524</u>

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$500,000 of federal awards during the period ended June 30, 2015. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

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

**TOWN OF WRENTHAM, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2015, the following GASB pronouncements were implemented:

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2015. This pronouncement had a significant impact on the basic financial statements. Financial statement changes include the recognition of a net pension liability, pension expense, and deferred inflows/outflows of resources. As noted in Note 15, the financial statements also required a restatement of net position at the beginning of the year.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, was implemented in fiscal year 2015. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was implemented in fiscal year 2015. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, was implemented in fiscal year 2015. This pronouncement has a significant impact on the basic financial statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #72**, *Fair Value Measurement and Application*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #73**, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The provisions of this Statement are effective for 2016 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statements 68, which are effective for 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #76**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF WRENTHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2015**

**The following schedules are presented in accordance with GASB Statement No. 27:**

**Schedules of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2014	\$ 696,682,779	\$ 1,247,596,772	\$ 550,913,993	55.8%	\$246,722,941	223.3%
1/1/2012	608,235,096	1,128,960,288	520,725,192	53.9%	229,095,409	227.3%
1/1/2010	600,790,835	1,001,881,055	401,090,220	60.0%	223,332,595	179.6%
1/1/2008	596,157,147	907,719,124	311,561,977	65.7%	223,814,977	139.2%
1/1/2007	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
1/1/2005	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
1/1/2003	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
1/1/2000	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
1/1/1997	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
1/1/1993	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	System Wide			Town of Wrentham	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2015	\$ 48,383,549	\$ 48,383,549	100%	\$ 1,361,510	2.81%
2014	42,461,369	42,461,369	100%	1,177,374	2.77%
2013	44,800,000	44,800,000	100%	1,130,497	2.52%
2012	42,714,639	42,714,639	100%	1,077,118	2.52%
2011	41,206,587	41,206,587	100%	1,090,564	2.65%
2010	39,749,857	39,749,857	100%	1,052,467	2.65%
2009	38,920,499	38,920,499	100%	1,043,212	2.68%
2008	33,104,903	33,104,903	100%	941,915	2.85%
2007	32,877,890	32,877,890	100%	917,355	2.79%
2006	31,755,708	31,755,708	100%	750,160	2.36%
2005	28,238,996	28,238,996	100%	647,883	2.29%

**TOWN OF WRENTHAM, MASSACHUSETTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
 JUNE 30, 2015**

**The following schedules are presented in accordance with GASB Statement No. 68**

**Schedule of the Town's Proportionate Share of the Net Pension Liability**

	<u>December 31, 2014</u>
Town's proportion of the net pension liability	2.81%
Town's proportionate share of the net pension liability	\$ 14,594,085
Town's covered-employee payroll (1)	\$ 6,914,194
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	211.07%
Plan fiduciary net position as a percentage of the total pension liability	60.10%

(1) Covered employee payroll as reported in the January 1, 2014 actuarial report.

**Note:** This schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF WRENTHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2015**

**SCHEDULE OF TOWN'S CONTRIBUTION**

	<b>December 31, 2014</b>
Actuarilly determined contribution (1)	\$ 1,361,510
Contribution in relation to the actuarilly determined contribution	(1,361,510)
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll (2)	\$ 6,914,194
Contribution as a percentage of covered - employee payroll	19.69%

- (1) Based on the results on the January 1, 2014 actuarial valuation (including assumptions and methods) for the System which determined the Town's budgeted appropriation for fiscal year 2015.
- (2) Town's covered employee payroll as reported in the January 1, 2014 system actuarial valuation report.

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF WRENTHAM, MASSACHUSETTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM  
 JUNE 30, 2015**

**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION  
 LIABILITY**

**Teacher's Pension Plan**

	<b>2015</b>
Towns' proportion of the net pension liability (asset)	0%
Commonwealth's proportion of the net pension liability (assets)	100%
Commonwealth's proportionate share of the net pension liability associated with the district	\$ 16,758,364
Employer pension expense and revenue for Commonwealth support	\$ 1,164,284

**TOWN OF WRENTHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2015**

**The following schedules are presented in accordance with GASB Statement No. 45:**

**Schedules of Funding Progress and Employer Contributions**

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
6/30/2007	\$ -	\$ 42,163,940	\$ 42,163,940	0.0%	\$ 13,140,873	320.9%
6/30/2011	\$ -	\$ 48,398,057	\$ 48,398,057	0.0%	\$ 9,852,372	491.2%
6/30/2013	\$ -	\$ 34,468,792	\$ 34,468,792	0.0%	\$ 13,987,250	246.4%

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed*	Increase in OPEB Obligation	Net OPEB Obligation
6/30/2009	\$ 2,798,395	25.55%	\$ 2,083,395	\$ 2,083,395
6/30/2010	\$ 3,123,436	29.98%	\$ 2,187,047	\$ 4,270,442
6/30/2011	\$ 2,996,700	27.47%	\$ 2,173,596	\$ 6,444,038
6/30/2012	\$ 3,162,983	28.50%	\$ 2,261,685	\$ 8,705,723
6/30/2013	\$ 3,336,357	30.48%	\$ 2,319,584	\$ 11,025,307
6/30/2014	\$ 2,770,690	29.82%	\$ 1,943,242	\$ 12,968,549
6/30/2015	\$ 2,930,319	31.29%	\$ 2,013,492	\$ 14,982,041

\* Based on expected premium payments.

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2013
Discount Rate	4.00%
Medical Trend	7.5% grading down .5% per year to 5% in five years
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	24
Mortality	RP-2000 Table for males RP-2000 Table for females



**TOWN OF WRENTHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2015**

Plan Membeship:

Current retirees, beneficiaries, and dependents	137
Current active members	<u>182</u>
	<u><u>319</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2015**

**Pension Plan Schedules**

**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

**B. Schedule of Town's Contribution**

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