

TOWN OF WRENTHAM, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Wrentham, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wrentham, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wrentham, Massachusetts, as of June 30, 2017, 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.

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 Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, other post-employment benefits - schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability, schedules of funding progress and employer contributions, actuarial methods and assumptions, and notes to the required supplementary information on pages 3 – 14, 68 –69, 70, 71 – 73 and 74 - 75 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.

A handwritten signature in blue ink that reads "R. E. Brown + Company". The signature is written in a cursive, flowing style.

March 7, 2018

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, 2017. 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.

Financial Highlights

The combined total assets of the Town exceeded the combined total liabilities by \$20.5 million, a decrease of \$0.4 million or 1.7 % less than the Town's net position for the previous fiscal year. A total of \$36.6 million or 178.0% of this sum represents the Town's net investment in capital assets.

At a balance of \$2.2 million by the end of FY2017 the combined stabilization funds remain above 5% of the Town's budget.

Total revenue for the year for all funds was \$47.9 million; \$ 2.7 million or 6.0% more than the total revenue for the fiscal year ended June 30, 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	%	Fiscal Year Ended <u>June 30, 2016</u>	%
		<u>Total</u>		<u>Total</u>
Property Taxes	\$ 31,095,764	64.89%	\$ 29,639,180	65.57%
Motor Vehicle Excise Taxes	2,036,400	4.25%	1,996,373	4.42%
Penalties and Interest	193,282	0.40%	176,679	0.39%
Payments in Lieu of Taxes	9,018	0.02%	8,870	0.02%
Charges for Services	4,805,708	10.03%	5,032,147	11.13%
Operating Grants and Contributions	8,048,856	16.80%	7,165,537	15.85%
Capital Grants and Contributions	266,725	0.56%	102,325	0.23%
Nonrestricted Grants and Contributions	1,384,443	2.89%	953,866	2.11%
Unrestricted Investments and Other	<u>78,727</u>	<u>0.16%</u>	<u>124,787</u>	<u>0.28%</u>
 Total Revenue	 <u>\$ 47,918,923</u>	 <u>100.00%</u>	 <u>\$ 45,199,764</u>	 <u>100.00%</u>

Total expenditures for the year for all funds was \$48.3 million; \$0.8 million or 1.7% more than the total expenditures for the fiscal year ended June 30, 2016.

	Fiscal Year		Fiscal Year	
	Ended	%	Ended	%
	June 30, 2017	Total	June 30, 2016	Total
General government	\$ 1,851,909	3.84%	\$ 1,719,855	3.62%
Public safety	5,922,157	12.27%	5,637,362	11.88%
Education	23,578,214	48.84%	22,814,715	48.07%
Public works	3,032,247	6.28%	3,334,281	7.02%
Human services	621,053	1.29%	723,415	1.52%
Culture and recreation	880,562	1.82%	941,701	1.98%
Employee benefits	9,591,210	19.87%	9,787,341	20.62%
State and county assessments	453,550	0.94%	454,258	0.96%
Interest	194,642	0.40%	247,967	0.52%
Water	2,150,676	4.45%	1,802,827	3.80%
Total expenditures	<u>\$ 48,276,220</u>	<u>100.00%</u>	<u>\$ 47,463,722</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 and 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, 2017 was \$20.5 million, of which the governmental activities were \$11.3 million and the business-type activities were \$9.2 million.

At \$36.6 million, 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.

The following table of *Comparative Net Position*, indicates a \$1.0 million increase in the level of net investment in capital assets for FY2017 as compared to FY2016. Governmental activities' capital assets (net of related debt) increased \$1.0 million while business type activities' capital assets remained relatively the same.

Comparative Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
Assets:						
Current assets	\$ 17,045,410	\$ 15,980,573	\$ 4,240,394	\$ 4,239,402	\$ 21,285,804	\$ 20,219,975
Non current assets	33,923,662	34,712,081	10,012,801	10,321,828	43,936,463	45,033,909
Total assets	<u>50,969,072</u>	<u>50,692,654</u>	<u>14,253,195</u>	<u>14,561,230</u>	<u>65,222,267</u>	<u>65,253,884</u>
Deferred Outflows of Resources:	<u>1,486,414</u>	<u>1,779,570</u>	<u>98,354</u>	<u>117,752</u>	<u>1,584,768</u>	<u>1,897,322</u>
Liabilities:						
Current liabilities (excluding debt)	2,577,915	2,567,974	93,078	147,693	2,670,993	2,715,667
Noncurrent liabilities (excluding debt)	31,934,106	30,772,790	1,460,382	1,395,664	33,394,488	32,168,454
Current debt	2,872,220	2,015,849	323,155	318,155	3,195,375	2,334,004
Noncurrent debt	2,808,476	4,263,696	3,154,696	3,477,851	5,963,172	7,741,547
Total liabilities	<u>40,192,717</u>	<u>39,620,309</u>	<u>5,031,311</u>	<u>5,339,363</u>	<u>45,224,028</u>	<u>44,959,672</u>
Deferred Inflows of Resources:	<u>969,851</u>	<u>1,215,619</u>	<u>64,174</u>	<u>80,436</u>	<u>1,034,025</u>	<u>1,296,055</u>
Net Position:						
Net Investment in Capital Assets	29,363,251	28,326,106	7,217,134	7,208,006	36,580,385	35,534,112
Restricted	7,074,357	7,520,750	-	-	7,074,357	7,520,750
Unrestricted (Deficit)	(25,144,690)	(24,210,560)	2,038,930	2,051,177	(23,105,760)	(22,159,383)
Total net position	<u>\$ 11,292,918</u>	<u>\$ 11,636,296</u>	<u>\$ 9,256,064</u>	<u>\$ 9,259,183</u>	<u>\$ 20,548,982</u>	<u>\$ 20,895,479</u>

Total current assets within the governmental activities were \$17.0 million and included cash & investments of \$12.8 million and receivables net of allowances of \$4.2 million. Non-current assets within the governmental activities were \$33.9 million and included a \$0.3 million long term receivable for School Building Assistance.

Total current liabilities within the governmental activities were \$5.5 million and included accounts payable of \$2.3 million and bonds and notes payable of \$2.8 million Noncurrent liabilities within the governmental activities were \$34.7 million and included \$18.0 million in postemployment benefits liability, \$13.9 million in net pension liability and \$2.7 million of general obligation bonds payable.

Total current assets within the business-type activities were \$4.2 million and included cash & investments of \$3.3 million and receivables of \$0.9 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 \$4.6 million and included \$0.5 million in postemployment benefits liability, \$0.9 million in net pension liability and \$3.2 million of general obligation bonds payable.

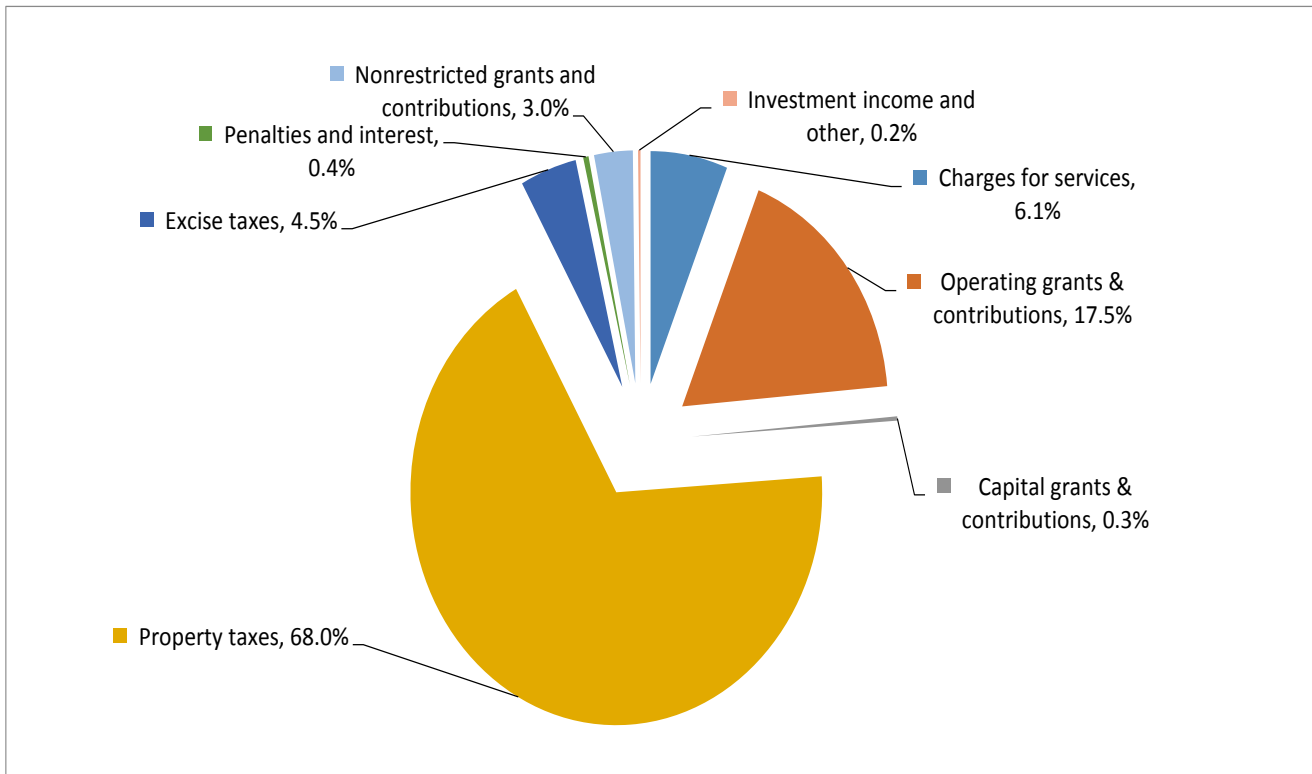
Governmental activities current assets have increased by 6.7% as compared with FY2016 while business-type activity (water) current assets increased insignificantly.

Governmental activities current liabilities' increased by \$0.9 million and non-current liabilities decreased \$0.3 million. Business-type activity (water) current liabilities decreased less than \$0.1 million while non-current liabilities decreased \$0.3 million.

Governmental activities decreased the Town of Wrentham's net position by \$0.3 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			
	Governmental Activities		Increase/ (Decrease)
	FY 2017	FY 2016	
Revenues			
<i>Program Revenues:</i>			
Charges for services	\$ 2,770,066	\$ 2,624,799	\$ 145,267
Operating grants and contributions	8,030,534	7,156,070	874,464
Capital grants and contributions	136,132	-	136,132
<i>General Revenues:</i>			
Real Estate and personal property taxes	31,095,764	29,639,180	1,456,584
Motor vehicle and other excise taxes	2,036,400	1,996,373	40,027
Penalties and interest	193,282	176,679	16,603
Payments in lieu of taxes	9,018	8,870	148
Nonrestricted grants and contributions	1,384,443	953,866	430,577
Unrestricted investment income & other	78,727	124,787	(46,060)
Total Revenues	<u>45,734,366</u>	<u>42,680,624</u>	<u>3,053,742</u>
Expenses:			
General Government	1,851,909	1,719,855	132,054
Public Safety	5,922,157	5,637,362	284,795
Education	23,578,214	22,814,715	763,499
Public Works	3,032,247	3,334,281	(302,034)
Human Services	621,053	723,415	(102,362)
Culture and Recreation	880,562	941,701	(61,139)
Employee Benefits	9,591,210	9,787,341	(196,131)
State and County Assessments	453,550	454,258	(708)
Interest	194,642	247,967	(53,325)
Total Expenses	<u>46,125,544</u>	<u>45,660,895</u>	<u>464,649</u>
Increase/(Decrease) in Net Position before Contributions to Term and Permanent Endowments or Permanent Fund Principal, and Transfers	(391,178)	(2,980,271)	2,589,093
Contribution to Permanent Funds	10,800	12,300	(1,500)
Transfers	<u>37,000</u>	<u>389,882</u>	<u>(352,882)</u>
Change in Net Position	<u>(343,378)</u>	<u>(2,578,089)</u>	<u>2,234,711</u>
Net Position - beginning	<u>11,636,296</u>	<u>14,214,385</u>	
Net Position - ending	<u>\$ 11,292,918</u>	<u>\$ 11,636,296</u>	

Governmental Activities –FY2017 Revenues



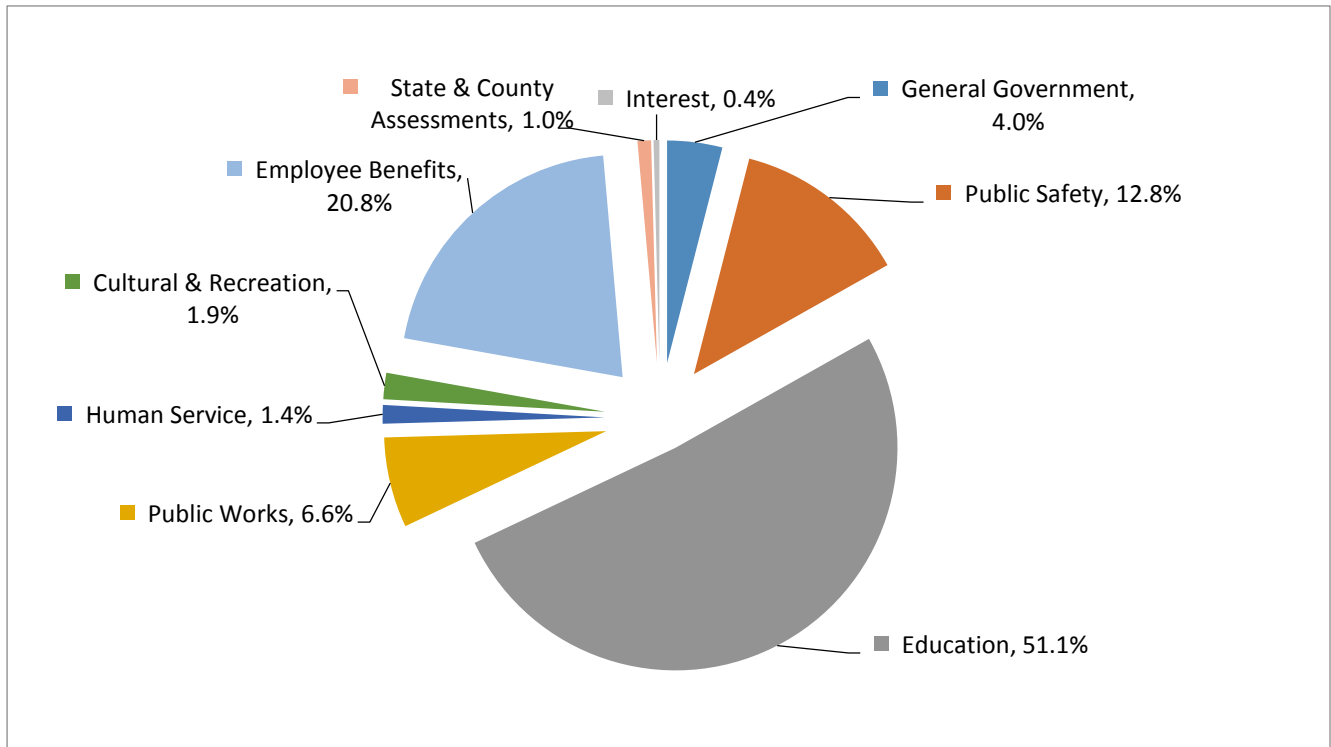
Revenues

Property taxes support 68.0% of the Town's governmental activities. When compared to the prior year's distribution, the percentage of total operating grants and contributions increased 12.20%, charges for services rose 5.5%, and non-restricted grants & contributions increased 45.1%. Penalties and interest increased 9.4% and unrestricted investment income and other decreased 36.9%. 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 over 56% of the operating grants and contributions apply to education operations. Approximately 35% and 33% of the charges for services revenue represent revenues generated for the public safety departments (Police, Fire, Dispatch and Inspection) and education services respectively.

100% of the capital grant contributions during FY2017 apply to education.

Governmental Activities – FY2017 Expenses



Expenses

Attributing for 51.1% of the total expenditures, education remains the largest governmental activity of the Town. Just over \$18.0 million in taxes and other general revenues were needed to cover the FY2017 operating expenses for education.

Employee benefits and public safety continue to represent the second and third largest governmental activities of the Town. Approximately \$7.2 million and \$4.4 million of taxes and other general revenues were needed to cover the FY2017 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 1.0% in comparison to FY2016. Savings in public works, employee benefits and human services offset increased expenditures in education.

Business-Type Activities

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

Business-type activities net position decreased by \$3,119. 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

	Business-type Activities		Increase/ (Decrease)
	FY 2017	FY 2016	
Revenues			
<i>Program Revenues:</i>			
Charges for services	\$ 2,035,642	\$ 2,407,348	\$ (371,706)
Operating grants and contributions	18,322	9,467	8,855
Capital grants and contributions	130,593	102,325	28,268
Total Revenues	<u>2,184,557</u>	<u>2,347,613</u>	<u>(334,583)</u>
Expenses:			
Water	<u>2,150,676</u>	<u>1,802,827</u>	<u>347,849</u>
Excess/(deficiency) in revenues over/(under) expenses	<u>33,881</u>	<u>716,313</u>	<u>(682,432)</u>
Transfers	<u>(37,000)</u>	<u>(389,882)</u>	<u>352,882</u>
Change in Net Position	<u>(3,119)</u>	<u>326,431</u>	<u>(329,550)</u>
Net Position - beginning	<u>9,259,183</u>	<u>8,932,752</u>	
Net Position - ending	<u>\$ 9,256,064</u>	<u>\$ 9,259,183</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 \$10.0 million, an increase of \$0.4 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 \$4,603,807 while total fund balance was \$7,226,314. 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 \$9.3 million; \$7.2 million of which relates to the Town's net investment in capital assets.

General Fund Budgetary Highlights

The original general fund budget was increased just under \$50,000 to the final budget of approximately \$41.2 million.

Revenues exceeded budgetary amounts by \$1,112,064 and expenditures were less than budgetary amounts by \$1,192,783. The greatest budgetary savings were seen in general government and public works. 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, 2017 amount to \$43,639,748 (net of accumulated depreciation). This investment includes land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure.

Capital Assets
(Net of Accumulated Depreciation)

Governmental activities	FY 2017	FY 2016	Increase/ (Decrease)
General Government	\$ 6,716,252	\$ 6,842,056	\$ (125,804)
Public Safety	7,620,388	7,934,923	(314,535)
Education	9,829,140	10,022,264	(193,124)
Public Works	6,541,045	6,277,731	263,314
Human Services	119,240	132,112	(12,872)
Culture & Recreation	2,800,882	2,909,565	(108,683)
Total by function	33,626,947	34,118,651	(491,704)
Business-type activities			
Water	10,012,801	10,321,828	(309,027)
Grand Total	\$ 43,639,748	\$ 44,440,479	\$ (800,731)

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 \$7,599,653. 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 FY2017.

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2017	Outstanding June 30, 2016
School Buildings	\$ 1,765,000	\$ 2,215,000
Municipal Buildings	1,260,000	2,060,000
Land Acquisition	360,000	480,000
Other	736,802	826,774
Total Governmental Activities	\$ 4,121,802	\$ 5,581,774
Business-type Activities		
Water Mains/Improvements	\$ 3,477,851	\$ 3,796,006

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

In 2017 the Town of Wrentham approved an Open Space Preservation Development (OSPD) entitled "Park Place" that will contain up to 92 residential housing lots to be located off of Park Street. The Town also approved a Definitive Subdivision and Special Permit/Site Plan for a project entitled "Commerce Way". The project involves the creation of a dead-end cul-de-sac with three (3) commercial lots including the construction of a NasKart facility that will contain an indoor electric go-kart facility and a trampoline park. In addition, a Special Permit/Site Plan was approved for 35 Commercial Drive that will include a day care facility and multiple commercial buildings. The estimated tax revenue is \$34,000 annually.

The Town received two local technical assistance grant from the Metropolitan Area Planning Commission (MAPC) totaling \$40,000 to fund technical assistance from MAPC staff for the development of new zoning regulations for the "Town Center" area. The new regulations will encourage a mix of uses that will include residential and commercial/retail.

Town Meeting approved a Zoning By-Law amendment at the November 13, 2017 Town Meeting that will allow for the future development of a senior living community that will generate approximately \$350,000 in tax revenue annually.

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.

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.

The Town has a balanced budget for FY2018 and remains diligent in its efforts to balance the FY2019 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, 2017**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 9,865,523	\$ 3,375,049	\$ 13,240,572
INVESTMENTS	2,973,945	-	2,973,945
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	531,600	-	531,600
TAX LIENS	682,563	-	682,563
MOTOR VEHICLE EXCISE TAXES	215,738	-	215,738
USER FEES	462,889	834,145	1,297,034
DEPARTMENTAL AND OTHER	267,295	-	267,295
INTERGOVERNMENTAL	2,045,857	31,200	2,077,057
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	296,715	-	296,715
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	33,626,947	10,012,801	43,639,748
TOTAL ASSETS	50,969,072	14,253,195	65,222,267
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	1,486,414	98,354	1,584,768
LIABILITIES			
CURRENT:			
ACCOUNTS PAYABLE	2,309,073	73,663	2,382,736
OTHER LIABILITIES	33,439	-	33,439
ACCRUED INTEREST	37,175	9,725	46,900
CAPITAL LEASE PAYABLE	70,248	-	70,248
BONDS AND NOTES PAYABLE	2,801,972	323,155	3,125,127
COMPENSATED ABSENCES	198,228	9,690	207,918
NONCURRENT:			
CAPITAL LEASE PAYABLE	71,646	-	71,646
COMPENSATED ABSENCES	27,300	3,482	30,782
POSTEMPLOYMENT BENEFITS	18,045,528	539,718	18,585,246
NET PENSION LIABILITY	13,861,278	917,182	14,778,460
BONDS AND NOTES PAYABLE	2,736,830	3,154,696	5,891,526
TOTAL LIABILITIES	40,192,717	5,031,311	45,224,028
DEFERRED INFLOWS OF RESOURCES			
RELATED TO PENSIONS	969,851	64,174	1,034,025
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	29,363,251	7,217,134	36,580,385
RESTRICTED FOR:			
STREETS	857,039	-	857,039
PERMANENT FUNDS:			
EXPENDABLE	135,567	-	135,567
NONEXPENDABLE	267,063	-	267,063
OTHER PURPOSES	5,814,688	-	5,814,688
UNRESTRICTED	(25,144,690)	2,038,930	(23,105,760)
TOTAL NET POSITION	\$ 11,292,918	\$ 9,256,064	\$ 20,548,982

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017**

<u>FUNCTIONS/PROGRAMS</u>	PROGRAM REVENUES				NET (EXPENSE) REVENUE
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,851,909	\$ 244,635	\$ 323,252	\$ -	\$ (1,284,022)
PUBLIC SAFETY	5,922,157	979,806	515,871	-	(4,426,480)
EDUCATION	23,578,214	911,357	4,507,900	136,132	(18,022,825)
PUBLIC WORKS	3,032,247	106,743	69,682	-	(2,855,822)
HUMAN SERVICES	621,053	256,450	109,368	-	(255,235)
CULTURE & RECREATION	880,562	271,075	108,904	-	(500,583)
EMPLOYEE BENEFITS	9,591,210	-	2,395,557	-	(7,195,653)
STATE & COUNTY ASSESSMENTS	453,550	-	-	-	(453,550)
INTEREST	194,642	-	-	-	(194,642)
TOTAL GOVERNMENTAL ACTIVITIES	46,125,544	2,770,066	8,030,534	136,132	(35,188,812)
BUSINESS-TYPE ACTIVITIES:					
WATER	2,150,676	2,035,642	18,322	130,593	33,881
TOTAL PRIMARY GOVERNMENT	\$ 48,276,220	\$ 4,805,708	\$ 8,048,856	\$ 266,725	\$ (35,154,931)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF WRENTHAM, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (35,188,812)	\$ 33,881	\$ (35,154,931)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	30,933,464	-	30,933,464
TAX LIENS	162,300	-	162,300
MOTOR VEHICL EXCISE TAXES	2,036,400	-	2,036,400
PENALTIES AND INTEREST ON TAXES	193,282	-	193,282
PAYMENTS IN LIEU OF TAXES	9,018	-	9,018
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,384,443	-	1,384,443
UNRESTRICTED INVESTMENT INCOME	47,387	-	47,387
CONTRIBUTIONS TO PERMANENT FUNDS	10,800	-	10,800
MISCELLANEOUS	31,340	-	31,340
TRANSFERS, NET	37,000	(37,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS	34,845,434	(37,000)	34,808,434
CHANGE IN NET POSITION	(343,378)	(3,119)	(346,497)
NET POSITION:			
BEGINNING OF YEAR	11,636,296	9,259,183	20,895,479
END OF YEAR	\$ 11,292,918	\$ 9,256,064	\$ 20,548,982

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF WRENTHAM, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

<u>ASSETS</u>	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 6,414,302	\$ 3,451,221	\$ 9,865,523
INVESTMENTS	2,463,581	510,364	2,973,945
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	531,600	-	531,600
TAX LIENS	682,563	-	682,563
MOTOR VEHICLE EXCISE TAXES	215,738	-	215,738
USER FEES	-	462,889	462,889
DEPARTMENTAL AND OTHER	-	267,295	267,295
INTERGOVERNMENTAL	609,013	1,733,559	2,342,572
TOTAL ASSETS	<u>\$ 10,916,797</u>	<u>\$ 6,425,328</u>	<u>\$ 17,342,125</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,752,595	\$ 556,478	\$ 2,309,073
OTHER LIABILITIES	33,439	-	33,439
NOTES PAYABLE	-	1,417,000	1,417,000
TOTAL LIABILITIES	<u>1,786,034</u>	<u>1,973,478</u>	<u>3,759,512</u>
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	1,904,449	1,587,223	3,491,672
FUND BALANCES:			
NONSPENDABLE	-	267,063	267,063
RESTRICTED	-	2,810,898	2,810,898
COMMITTED	460,909	-	460,909
ASSIGNED	2,161,598	-	2,161,598
UNASSIGNED	4,603,807	(213,334)	4,390,473
TOTAL FUND BALANCES	<u>7,226,314</u>	<u>2,864,627</u>	<u>10,090,941</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	<u>\$ 10,916,797</u>	<u>\$ 6,425,328</u>	<u>\$ 17,342,125</u>

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, 2017**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 30,880,532	\$ -	\$ 30,880,532
MOTOR VEHICLE EXCISE TAXES	1,963,704	-	1,963,704
PENALTIES AND INTEREST ON TAXES	193,534	-	193,534
INTERGOVERNMENTAL CHARGES FOR SERVICES	7,776,160	1,953,259	9,729,419
INVESTMENT INCOME	47,387	19,990	67,377
CONTRIBUTIONS & DONATIONS	-	178,176	178,176
DEPARTMENTAL AND OTHER	1,497,132	75,074	1,572,206
TOTAL REVENUES	42,358,449	3,971,179	46,329,628
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,707,395	18,710	1,726,105
PUBLIC SAFETY	5,376,481	300,018	5,676,499
EDUCATION	21,496,259	1,888,831	23,385,090
PUBLIC WORKS	2,606,132	689,429	3,295,561
HUMAN SERVICES	398,536	209,645	608,181
CULTURE & RECREATION	466,571	305,308	771,879
EMPLOYEE BENEFITS	8,355,558	-	8,355,558
STATE & COUNTY ASSESSMENTS	453,550	-	453,550
DEBT SERVICE			
PRINCIPAL	1,459,972	-	1,459,972
INTEREST	204,186	-	204,186
TOTAL EXPENDITURES	42,524,640	3,411,941	45,936,581
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(166,191)	559,238	393,047
OTHER FINANCING SOURCES (USES)			
OPERATING TRANSFERS IN	699,803	103,851	803,654
OPERATING TRANSFERS OUT	(66,851)	(699,803)	(766,654)
TOTAL OTHER FINANCING SOURCES (USES)	632,952	(595,952)	37,000
NET CHANGE IN FUND BALANCES	466,761	(36,714)	430,047
FUND BALANCES AT BEGINNING OF YEAR	6,759,553	2,901,341	9,660,894
FUND BALANCES AT END OF YEAR	\$ 7,226,314	\$ 2,864,627	\$ 10,090,941

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, 2017**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 10,090,941
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		33,626,947
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		3,491,672
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(37,175)
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	(4,121,802)	
NET PENSION LIABILITY	(13,861,278)	
DEFERRED OUTFLOWS OF RESOURCES	1,486,414	
DEFERRED INFLOWS OF RESOURCES	(969,851)	
CAPITAL LEASE PAYABLE	(141,894)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(18,045,528)	
COMPENSATED ABSENCES	<u>(225,528)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(35,879,467)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 11,292,918</u>

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, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 430,047
<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	1,362,631	
DEPRECIATION EXPENSE	<u>(1,854,335)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(491,704)
<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>		
		(584,462)
<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	68,877	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,459,972</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,528,849
<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	(1,724,849)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	(293,156)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES	245,768	
NET CHANGE IN NET PENSION LIABILITY	562,825	
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(26,240)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>9,544</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(1,226,108)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (343,378)</u>

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, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 30,553,390	\$ 30,553,390	\$ 30,880,532	\$ 327,142
MOTOR VEHICLE EXCISE TAXES	1,561,000	1,561,000	1,963,704	402,704
PENALTIES & INTEREST ON TAXES	160,000	160,000	193,534	33,534
INTERGOVERNMENTAL	5,373,419	5,373,419	5,377,269	3,850
INVESTMENT INCOME	25,000	25,000	53,449	28,449
DEPARTMENTAL AND OTHER	1,180,747	1,180,747	1,497,132	316,385
TOTAL REVENUES	<u>38,853,556</u>	<u>38,853,556</u>	<u>39,965,620</u>	<u>1,112,064</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,133,063	1,970,637	1,768,064	202,573
PUBLIC SAFETY	5,755,514	5,792,814	5,391,791	401,023
EDUCATION	21,358,789	21,346,989	21,345,721	1,268
PUBLIC WORKS	2,778,425	2,938,198	2,604,232	333,966
HUMAN SERVICES	411,862	439,212	398,536	40,676
CULTURE & RECREATION	478,773	481,298	466,571	14,727
EMPLOYEE BENEFITS	5,914,376	5,966,176	5,959,931	6,245
STATE & COUNTY ASSESSMENTS	592,762	592,762	453,550	139,212
DEBT SERVICE:				
PRINCIPAL	1,541,972	1,486,972	1,459,972	27,000
INTEREST	227,015	227,015	200,922	26,093
TOTAL EXPENDITURES	<u>41,192,551</u>	<u>41,242,073</u>	<u>40,049,290</u>	<u>1,192,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,338,995)</u>	<u>(2,388,517)</u>	<u>(83,670)</u>	<u>2,304,847</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	620,088	620,088	699,803	79,715
OPERATING TRANSFERS OUT	(66,926)	(66,926)	(66,851)	75
TOTAL OTHER FINANCING SOURCES (USES)	<u>553,162</u>	<u>553,162</u>	<u>632,952</u>	<u>79,790</u>
NET CHANGE IN FUND BALANCE	<u>(1,785,833)</u>	<u>(1,835,355)</u>	<u>549,282</u>	<u>2,384,637</u>
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>4,189,768</u>	<u>4,189,768</u>	<u>4,189,768</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 2,403,935</u>	<u>\$ 2,354,413</u>	<u>\$ 4,739,050</u>	<u>\$ 2,384,637</u>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

		<u>BUSINESS-TYPE ACTIVITIES WATER ENTERPRISE FUND</u>
<u>ASSETS</u>		
CURRENT:		
CASH AND SHORT-TERM INVESTMENTS	\$	3,375,049
USER FEES		834,145
INTERGOVERNMENTAL		31,200
		<hr/>
TOTAL CURRENT ASSETS		4,240,394
NONCURRENT:		
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION		10,012,801
		<hr/>
TOTAL ASSETS		14,253,195
		<hr/>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS		98,354
		<hr/>
<u>LIABILITIES</u>		
CURRENT:		
ACCOUNTS PAYABLE		73,663
ACCRUED INTEREST		9,725
BONDS AND NOTES PAYABLE		323,155
COMPENSATED ABSENCES		9,690
		<hr/>
TOTAL CURRENT LIABILITIES		416,233
NONCURRENT:		
COMPENSATED ABSENCES		3,482
OTHER POSTEMPLOYMENT BENEFITS		539,718
NET PENSION LIABILITY		917,182
BONDS AND NOTES PAYABLE		3,154,696
		<hr/>
TOTAL NONCURRENT LIABILITIES		4,615,078
		<hr/>
TOTAL LIABILITIES		5,031,311
		<hr/>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS		64,174
		<hr/>
<u>NET POSITION</u>		
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED		7,217,134 2,038,930
		<hr/>
TOTAL NET POSITION	\$	9,256,064
		<hr/> <hr/>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES
	WATER ENTERPRISE FUND
<u>OPERATING REVENUES:</u>	
CHARGES FOR SERVICES	\$ 2,035,642
DEPARTMENTAL AND OTHER	1,938
TOTAL OPERATING REVENUES	2,037,580
<u>OPERATING EXPENSES:</u>	
GENERAL SERVICES	1,523,508
DEPRECIATION	487,964
TOTAL OPERATING EXPENSES	2,011,472
OPERATING INCOME (LOSS)	26,108
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
INTERGOVERNMENTAL	130,593
INTEREST INCOME	16,384
INTEREST EXPENSE	(139,204)
TOTAL NON-OPERATING REVENUES (EXPENSES)	7,773
INCOME (LOSS) BEFORE OPERATING TRANSFERS	33,881
<u>OPERATING TRANSFERS:</u>	
OPERATING TRANSFERS OUT	(37,000)
CHANGE IN NET POSITION	(3,119)
NET POSITION AT BEGINNING OF YEAR	9,259,183
NET POSITION AT END OF YEAR	\$ 9,256,064

See accompanying notes to the basic financial statements

TOWN OF WRENTHAM, MASSACHUSETTS
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES
	WATER ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
RECEIPTS FROM CUSTOMERS AND USERS	\$ 2,099,664
PAYMENTS TO SUPPLIERS	(954,148)
PAYMENTS TO EMPLOYEES	(555,547)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	589,969
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>	
OPERATING TRANSFERS OUT	(37,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(271,593)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(178,938)
INTEREST EXPENSE	(86,947)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(537,478)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
INTEREST RECEIVED	16,384
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	31,875
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	3,343,174
CASH AND SHORT TERM INVESTMENTS- END OF YEAR	\$ 3,375,049
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
OPERATING INCOME (LOSS)	\$ 26,108
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)	
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
DEPRECIATION	487,964
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	62,083
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	19,398
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(56,602)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(16,261)
INCREASE (DECREASE) IN COMPENSATED ABSENCES	3,305
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	101,216
INCREASE (DECREASE) IN NET PENSION LIABILITY	(37,242)
TOTAL ADJUSTMENTS	563,861
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 589,969

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
CASH AND SHORT-TERM INVESTMENTS	<u>\$ 496,130</u>
<u>LIABILITIES</u>	
ACCOUNTS PAYABLE	33,414
OTHER LIABILITIES	<u>462,716</u>
TOTAL LIABILITIES	<u>496,130</u>
<u>NET POSITION</u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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	\$ 9,435,276
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 751,584

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 39.72% in the joint venture.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

Fiduciary funds are reported by fund type.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 lease, 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, 2017

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

Proprietary Fund Financial Statements

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, 2017

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. Fair Value Measurements

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

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

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

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 3 – Fair Market Value of Investments.

F. 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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 uncollectible.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

G. 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.

H. 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.

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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.

I. 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.

J. 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to pensions in this category.

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

- 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.
- 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. 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).

O. 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).

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, 2017 is recorded in the governmental fund financial statement.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

. P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Norfolk County Contributory Retirement System (The System) and the Massachusetts Teachers Retirement System (MTRS). Additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. 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.

R. 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.

S. 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 2017 approved budget authorized \$41,108,437 in current year appropriations and other amounts to be raised and \$84,114 in carryover articles carried over from previous fiscal years. Supplemental appropriation of \$49,522 was approved at one Town Meeting for fiscal year 2017.

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

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, 2017, is presented below:

Net change in fund balance - budgetary basis	\$ 549,282
Basis of accounting differences:	
Net Stabilization fund activity	(6,063)
Adjustment for current year encumbrances	171,684
Increase in revenue for the MWPAT subsidy	3,264
Increase in expenditures for the MWPAT subsidy	(3,264)
Increase in revenue for on-behalf payments - MTRS	2,395,627
Increase in expenditures for on-behalf payments - MTRS	(2,395,627)
Adjustment for expenditures from prior year encumbrances	<u>(248,142)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 466,761</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

C. Deficit Fund Balances

Several individual fund deficits exist within the special revenue and capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and/or proceeds of long term debt during fiscal year 2018.

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.

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, 2017:

Total bank balances		<u><u>\$ 14,107,834</u></u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,549,331	
Depositors Insurance Fund (DIF)	4,258,446	
Share Insurance Fund (SIF)	<u>1,006,787</u>	
Total bank balances covered by deposit insurance		7,814,564
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>6,293,270</u>	
Total bank balances subject to custodial credit risk		<u>6,293,270</u>
Total bank balances		<u><u>\$ 14,107,834</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS
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JUNE 30, 2017**

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).

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	Unrated
U.S. Government & Agency Securities	\$ 2,312,009	N/A	\$ 2,306,408	\$ 5,601
Money Market Mutual Funds	516,498	N/A	-	516,498
Fixed Income Mutual Fund	23,971	N/A	-	23,971
Equity Mutual Funds	74,160	N/A	-	74,160
Common stock	47,307	N/A	-	47,307
Total Investments	<u>\$ 2,973,945</u>		<u>\$ 2,306,408</u>	<u>\$ 667,537</u>

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 and 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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 rate. 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.

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
<i>Debt Related Securities:</i>			
Fixed Income Mutual	\$ 23,971	\$ 23,971	\$ -
Equity Mutual Funds	74,160	74,160.00	-
U.S. Government & Agency	<u>2,312,009</u>	<u>1,403,983</u>	<u>908,026</u>
Total - Debt related securities	<u>2,410,140</u>	<u>1,502,114</u>	<u>908,026</u>
<i>Other Investments:</i>			
Money Market Mutual Funds	516,498	516,498	-
Common Stock	<u>47,307</u>	<u>47,307</u>	<u>-</u>
Total Other Investments	<u>563,805</u>	<u>563,805</u>	<u>-</u>
Total Investments	<u>\$ 2,973,945</u>	<u>\$ 2,065,919</u>	<u>\$ 908,026</u>

- *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.

Fair Market Value of Investments

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

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

TOWN OF WRENTHAM, MASSACHUSETTS
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The Town has the following recurring fair value measurement as of June 30, 2017.

Investment Type	June 30, 2017	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Government and Agency Fixed Income Mutual Funds	\$ 2,312,009 23,971	\$ 2,312,009 -	\$ - 23,971	\$ - -
Total debt securities	2,335,980	2,312,009	23,971	-
Other Investments				
Common Stock Equity Mutual Funds Money Market Mutual Funds	47,307 74,160 516,498	47,307 74,160 516,498	- - -	- - -
Total other investments	637,965	637,965	-	-
Total investments measured at fair value	2,973,945	\$ 2,949,974	\$ 23,971	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	527,098			
Total Investments	\$ 3,501,043			

U.S. Government and Agency, Common Stock, and Money Market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income mutual funds and Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – RECEIVABLES

The receivables at June 30, 2017 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	\$ 564,600	\$ (33,000)	\$ 531,600
Tax liens	682,563	-	682,563
Motor vehicle and other excise taxes	320,996	(105,258)	215,738
Departmental and other	267,295	-	267,295
User fees	1,112,889	(650,000)	462,889
Intergovernmental	2,342,572	-	2,342,572
Total	<u>\$ 5,290,915</u>	<u>\$ (788,258)</u>	<u>\$ 4,502,657</u>

The Water Enterprise fund receivables as of June 30, 2017 consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Water - User Fees	\$ 834,145	\$ -	\$ 834,145
Intergovernmental	31,200	-	31,200
Total	<u>\$ 865,345</u>	<u>\$ -</u>	<u>\$ 865,345</u>

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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
Deferred property taxes	\$ 402,708	\$ -	\$ 402,708
Deferred other revenue	898,301	730,184	1,628,485
Deferred intergovernmental revenue	603,440	857,039	1,460,479
Unavailable Revenue	\$ 1,904,449	\$ 1,587,223	\$ 3,491,672

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,631,656	\$ -	\$ -	\$ 4,631,656
Construction in progress	514,178	378,138	(599,476)	292,840
Total capital assets not being depreciated	<u>5,145,834</u>	<u>378,138</u>	<u>(599,476)</u>	<u>4,924,496</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	34,568,202	12,000	-	34,580,202
Capital Improvements (other than buildings)	2,509,266	145,077	150,266	2,804,609
Machinery and equipment	1,417,069	34,023	135,391	1,586,483
Vehicles	4,359,220	210,411	-	4,569,631
Software	213,249	-	-	213,249
Infrastructure	<u>12,555,778</u>	<u>582,982</u>	<u>313,819</u>	<u>13,452,579</u>
Total capital assets being depreciated	<u>55,622,784</u>	<u>984,493</u>	<u>599,476</u>	<u>57,206,753</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(14,033,713)	(868,083)	-	(14,901,796)
Capital Improvements (other than buildings)	(1,085,886)	(109,520)	-	(1,195,406)
Machinery and equipment	(1,230,090)	(85,012)	-	(1,315,102)
Vehicles	(2,968,270)	(279,214)	-	(3,247,484)
Software	(157,328)	(27,281)	-	(184,609)
Infrastructure	<u>(7,174,680)</u>	<u>(485,225)</u>	<u>-</u>	<u>(7,659,905)</u>
Total accumulated depreciation	<u>(26,649,967)</u>	<u>(1,854,335)</u>	<u>-</u>	<u>(28,504,302)</u>
Total capital assets being depreciated, net	<u>28,972,817</u>	<u>(869,842)</u>	<u>599,476</u>	<u>28,702,451</u>
Total governmental activities capital assets, net	<u>\$ 34,118,651</u>	<u>\$ (491,704)</u>	<u>\$ -</u>	<u>\$ 33,626,947</u>

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 645,101	\$ -	\$ -	\$ 645,101
Construction in Progress	-	32,301	-	32,301
Total capital assets not being depreciated	<u>645,101</u>	<u>32,301</u>	<u>-</u>	<u>677,402</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	104,000	12,000	-	116,000
Plant in service	7,623,763	-	-	7,623,763
Machinery & Equipment	149,333	-	-	149,333
Vehicles	486,891	134,636	-	621,527
Infrastructure	7,279,774	-	-	7,279,774
Total capital assets being depreciated	<u>15,643,761</u>	<u>146,636</u>	<u>-</u>	<u>15,790,397</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(78,271)	(1,850)	-	(80,121)
Plant in service	(2,606,531)	(266,222)	-	(2,872,753)
Machinery & Equipment	(73,392)	(11,683)	-	(85,075)
Vehicles	(248,205)	(42,547)	-	(290,752)
Infrastructure	(2,960,635)	(165,662)	-	(3,126,297)
Total accumulated depreciation	<u>(5,967,034)</u>	<u>(487,964)</u>	<u>-</u>	<u>(6,454,998)</u>
Total capital assets being depreciated, net	<u>9,676,727</u>	<u>(341,328)</u>	<u>-</u>	<u>9,335,399</u>
Total business-type activities capital assets, net	<u>\$ 10,321,828</u>	<u>\$ (309,027)</u>	<u>\$ -</u>	<u>\$ 10,012,801</u>

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

Governmental Activities:	
General government	\$ 158,725
Public safety	445,317
Education	495,376
Public works	605,505
Human services	12,872
Culture and recreation	136,540
Total depreciation expense - governmental activities	<u>\$ 1,854,335</u>
Business-Type Activities:	
Water	<u>\$ 487,964</u>

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – CAPITAL LEASE

The Town has entered into a lease agreement as lessee for financing the acquisition of a fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	Governmental Activities
Assets:	
Vehicle	\$ 511,502
Less: Accumulated depreciation	(92,070)
	\$ 419,432

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017, are as follows:

Year Ending June 30	Governmental Activities
2018	\$ 73,072
2019	73,071
Total minimum lease payments	146,143
Less: amount representing interest	(4,249)
Present value of minimum lease payments	\$ 141,894

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2017, are summarized as follows:

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 620,088	\$ -	\$ 620,088 (1)
Nonmajor Governmental Funds	79,715	-	79,715 (3)
Water Enterprise Fund	-	37,000	37,000 (2)
General Fund	-	66,851	66,851 (2)
 Total	 <u>\$ 699,803</u>	 <u>\$ 103,851</u>	 <u>\$ 803,654</u>

- 1) Represents various budgeted transfers to supplement the operating budget.
- 2) Represents other budget transfers to the nonmajor governmental funds
- 3) Represents other transfers.

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. Interest expenditures for short-term borrowings are accounted for in the general fund.

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

The following is a summary of changes in short-term debt for the year ended June 30, 2017:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
State House Note	Multipurpose	0.85%	6/30/2017	\$ 487,000	\$ -	\$ (487,000)	\$ -
State House Note	Multipurpose	1.25%	11/1/2017	-	1,417,000	-	1,417,000
Total				<u>\$ 487,000</u>	<u>\$ 1,417,000</u>	<u>\$ (487,000)</u>	<u>\$ 1,417,000</u>

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, 2017:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
Multi-Purpose	4.08	\$ 690,000	\$ -	\$ 230,000	\$ 460,000
Public Safety Building	3.11	1,140,000	-	570,000	570,000
Title V septage	Var	70,268	-	9,972	60,296
Multi-Purpose	3.60	1,400,000	-	350,000	1,050,000
Title V septage	-	67,465	-	6,747	60,718
Multi-Purpose	Var	1,525,000	-	220,000	1,305,000
Title V septage	-	39,041	-	3,253	35,788
Multi-Purpose	2.50	650,000	-	70,000	580,000
Total		<u>\$ 5,581,774</u>	<u>\$ -</u>	<u>\$ 1,459,972</u>	<u>\$ 4,121,802</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2017 are as follows:

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,384,972	\$ 145,923	\$ 1,530,895
2019	809,972	92,775	902,747
2020	579,972	59,640	639,612
2021	229,972	44,968	274,940
2022	230,203	36,641	266,844
2023-2027	833,457	69,285	902,742
2028-2029	53,254	2,250	55,504
Total	<u>\$ 4,121,802</u>	<u>\$ 451,482</u>	<u>\$ 4,573,284</u>

Bonds and Notes Payable Schedule - Water Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2017</u>
MWPAT Water	Var	\$ 1,625,000	\$ -	\$ 180,000	\$ 1,445,000
MWPAT Water	-	41,006	-	3,155	37,851
Water Mains	3.47	780,000	-	60,000	720,000
Water Mains	3.5	1,350,000	-	75,000	1,275,000
Total		<u>\$ 3,796,006</u>	<u>\$ -</u>	<u>\$ 318,155</u>	<u>\$ 3,477,851</u>

The annual debt service requirements for principal and interest for water enterprise fund bonds and notes outstanding at June 30, 2017 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 323,155	\$ 125,260	\$ 448,415
2019	328,155	111,061	439,216
2020	333,155	99,138	432,293
2021	338,154	85,906	424,060
2022	348,154	71,734	419,888
2023-2027	1,110,770	197,654	1,308,424
2028-2032	546,308	77,700	624,008
2033-2034	150,000	7,875	157,875
Total	<u>\$ 3,477,851</u>	<u>\$ 776,328</u>	<u>\$ 4,254,179</u>

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

Loans Authorized and Unissued

As of June 30, 2017, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Delaney - Vogel School Roof	6/13/2016	\$ 1,795,475
Recycle Carts	11/9/2015	487,000
Departmental Equipment	6/5/2017	<u>966,500</u>
Total		<u>\$ 3,248,975</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 \$296,715 from scheduled annual payments in FY2017 from the MSBA for completed school construction projects. The Town also received an advance payment of \$71,148 for the Delaney/Vogel school roof during fiscal year 2017.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2017:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 5,581,774	\$ -	\$ (1,459,972)	\$ 4,121,802	\$ 1,384,972
Capital leases	210,771	-	(68,877)	141,894	70,248
Compensated absences	199,288	26,240	-	225,528	198,228
Net pension liability	14,424,103	-	(562,825)	13,861,278	-
Other postemployment benefits	16,320,679	1,724,849	-	18,045,528	-
 Total governmental activities long-term liabilities	 <u>\$ 36,736,615</u>	 <u>\$ 1,751,089</u>	 <u>\$ (2,091,674)</u>	 <u>\$ 36,396,030</u>	 <u>\$ 1,653,448</u>
 <u>Business-Type Activities:</u>	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Reductions</u>	 <u>Ending Balance</u>	 <u>Current Portion</u>
Bonds and notes payable	\$ 3,796,006	\$ -	\$ (318,155)	\$ 3,477,851	\$ 323,155
Compensated absences	9,867	3,305	-	13,172	9,690
Net pension liability	954,424	-	(37,242)	917,182	-
Other postemployment benefits	438,502	101,216	-	539,718	-
 Total business-type activities long-term liabilities	 <u>\$ 5,198,799</u>	 <u>\$ 104,521</u>	 <u>\$ (355,397)</u>	 <u>\$ 4,947,923</u>	 <u>\$ 332,845</u>

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, 2017:

<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	\$ 12,380,000	39.72%	\$ 4,917,336
Norfolk County			
Bonds	<u>14,213,000</u>	1.549%	<u>220,159</u>
	<u>\$ 26,593,000</u>		<u>\$ 5,137,496</u>

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances			
Nonspendable:			
Permanent Fund Principal	\$ -	\$ 267,063	\$ 267,063
Restricted For:			
General Government	-	148,694	148,694
Public Safety	-	727,336	727,336
Education	-	788,235	788,235
Public Works	-	353,321	353,321
Human Services	-	249,735	249,735
Culture & Recreation	-	268,952	268,952
Sweatt Fund	-	139,058	139,058
Expendable Trust Funds	-	135,567	135,567
	-	2,810,898	2,810,898
Committed To:			
Continuing Appropriations			
General Government	123,531	-	123,531
Public Safety	332,538	-	332,538
Public Works	4,840	-	4,840
	460,909	-	460,909
Assigned To:			
Encumbered For:			
General Government	64,699	-	64,699
Public Safety	15,310	-	15,310
Education	83,774	-	83,774
Public Works	7,900	-	7,900
Capital Stabilization Fund	433,737	-	433,737
Reserved for subsequent years expenditures	1,556,178	-	1,556,178
	2,161,598	-	2,161,598
Unassigned			
General Fund	2,830,385	-	2,830,385
General Stabilization Fund	1,773,422	-	1,773,422
Nonmajor Governmental Funds			
Public Safety	-	(2,062)	(2,062)
Capital Projects			
Education	-	(66,736)	(66,736)
Public Works	-	(4,285)	(4,285)
Human Services	-	(135,392)	(135,392)
Culture and Recreation	-	(4,859)	(4,859)
	4,603,807	(213,334)	4,390,473
Total Governmental Fund Balances	\$ 7,226,314	\$ 2,864,627	\$ 10,090,941

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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 \$1,773,422 as of June 30, 2017. 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 \$433,737 as of June 30, 2017. 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 2017.

The Town is a member of the West Suburban Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group. The group includes ten Towns, one school district, one vocational school and one educational collaborative 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 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 Prescription Drug Plans (PDPs). These are BCBSMA Medex 2 with Blue Medicare Rx PDP and HPHC Medicare Enhance with Aetna PDP.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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 Prime Supplement, and Tufts Medicare Preferred HMO.

As of June 30, 2016, the West Suburban Health Group had \$18,569,426 in assets and \$12,332,457 in liabilities. The net position was \$6,236,969.

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

Plan Description. Town of Wrentham Postemployment Welfare Benefit Plan (“**the plan**”) is a single-employer defined benefit healthcare plan administered by the Town of Wrentham. **The plan** 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 50% 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 2017, the total Town premiums plus implicit costs for the retiree medical program are \$1,045,330.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities.

Plan Membership – The following table represents the Plan’s membership as June 30, 2015:

Active Members	186
Inactive members currently receiving benefits	<u>146</u>
Total	<u><u>332</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB Liability	\$ 42,622,119
Less: OPEB plan's fiduciary net position	<u>(99,144)</u>
Net OPEB Liability	<u><u>\$ 42,522,975</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	0.20%
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Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial methods and assumptions.

Valuation Date:	Actuarially Determined Contribution for fiscal year ending June 30,2017 was determined with the June 30,2017 actuarial valuation.
Actuarial Cost Method:	Projected Unit Credit Method
Asset-Valuation Method:	Market value
Investment Rate of Return	7.00%
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years from July 1, 2016
discount Rate	3.58% as of June 30, 2017
Inflation:	4.00%
Salary Increases:	5.5% Decreasing over 6 years to an ultimate level of 3.5% and for Teachers 7.5% decreasing over 20 years to an ultimate level of 4.0%.
Pre-Retirement (Non Teachers) Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB2D from 2009.
Pre-Retirement (Teachers) Mortality:	RP-2014 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2014
Disabled (Non Teachers) Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB2D from 2012
Disabled (Teachers) Mortality:	RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with scale BB2D form 2014

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 3.58% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (2.58%) or 1 percentage-point higher (4.58%) than the current rate.

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB liability	\$ 50,421,044	\$ 42,522,975	\$ 36,330,717

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability	\$ 35,488,249	\$ 42,522,975	\$ 51,690,534

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	\$ 2,770,731
Interest on net OPEB obligation	670,367
Adjustment to annual required contribution (ARC)	<u>(569,703)</u>
Annual OPEB cost (expense)	2,871,395
Contributions made	<u>(1,045,330)</u>
Increase in net OPEB obligation	1,826,065
Net OPEB obligation - beginning of year	<u>16,759,181</u>
Net OPEB obligation - end of year	<u>\$ 18,585,246</u>

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the eight 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
6/30/2016	\$ 2,723,084	34.74%	\$ 1,777,140	\$ 16,759,181
6/30/2017	\$ 2,871,395	36.40%	\$ 1,826,065	\$ 18,585,246

Funded Status and Funding Progress. As of June 30, 2015, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$34.580 million, and the actuarial value of assets was \$0.0, resulting in an unfunded actuarial accrued liability (UAAL) of \$34.580 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14.081 million, and the ratio of the UAAL to the covered payroll was 245.6%.

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

In the June 30, 2015, 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 ratio 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 7.70% 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, 2017, was 21 years.

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town is a member of the Norfolk County Contributory Retirement System (The System), a cost-sharing multiple-employer, 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 school teachers and certain school administrators.

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.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$2,395,627 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$23,485,028 as of the measurement date.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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. Members become vested after ten years of creditable service. 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 consists of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

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, 55 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 employee’s 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 between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the 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 December 31, 2016 which was \$1,569,071 and 19.11% 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.

D. Pension Liabilities, Pension Expense, Deferred Outflows of Resource, and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2017 the Town reported a liability of \$14,778,460 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. 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 actuarially determined, At December 31, 2016, the Town's proportion was 2.83% which had no increase from its proportion measured as of December 31, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2017 the Town recognized pension expense of \$1,587,086. At June 30, 2017 the Town reported deferred outflows and inflows of resources related to pensions of \$1,584,768 and \$1,034,025 respectively.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

The balances of deferred outflows and inflows as June 30, 2017 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 231,701	\$ -	\$ 231,701
Changes of Assumptions	-	(963,722)	(963,722)
Net difference between projected and actual earnings	1,350,534	-	1,350,534
Changes in proportionate share of contributions	<u>2,533</u>	<u>(70,303)</u>	<u>(67,770)</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 1,584,768</u>	<u>\$ (1,034,025)</u>	<u>\$ 550,743</u>

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future pension expense is as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2017	\$ 235,117
2018	235,117
2019	139,010
2020	<u>(58,501)</u>
Totals	<u>\$ 550,743</u>

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

E. Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016.

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll.
Cost of Living Increase	3.0% of first \$15,000 of retirement income
Asset valuation method	market value
Inflation rate	4.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	8.0%

F. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 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%	8.60%
International Equities	17.5%	8.60%
Fixed Income	19.0%	4.50%
Private Equity	8.5%	13.60%
Real Estate	9.0%	5.10%
Real Assets	5.0%	7.90%
Hedge Funds	9.0%	7.90%
Total	<u>100%</u>	

**TOWN OF WRENTHAM, MASSACHUSETTS
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2017**

The system’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

For the year ended December 31, 2016 the System’s annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 8.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

G. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2016 was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the system, as of December 31, 2016 calculated using the discount rate of 8.00%, as well as what the system’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Towns proportionate share of the net pension liability	\$ 18,698,499	\$ 14,778,460	\$ 11,418,199

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, 2017

NOTE 15 – 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 \$750,000 of federal awards during the period ended June 30, 2017. 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

NOTE 16 – SUBSEQUENT EVENT

Subsequent to June 30, 2017, the Town obtained a General Obligation bond in the amount of \$2.15 million.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2017, the following GASB pronouncements were implemented:

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 #77**, *Tax Abatement Disclosures* 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 #78**, *Pension Provided through Certain Multiple-Employer Defined Benefit 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 #80**, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, 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.

TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

The GASB issued **Statement #82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, 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.

Future GASB Pronouncements:

The GASB issued **Statement #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this 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 #81**, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #83**, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #84**, *Fiduciary Activities*, which is required to be implemented in 2020. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #85**, *Omnibus 2017*, which is required to be implemented in 2018. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #86**, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2021. 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, 2017**

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, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	2.83%	2.83%	2.81%
Town's proportionate share of the net pension liability	\$ 14,778,460	\$ 15,378,527	\$ 14,594,085
Town's covered-employee payroll	\$ 8,212,587	\$ 7,741,172	\$ 6,914,194
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	179.96%	198.66%	211.07%
Plan fiduciary net position as a percentage of the total pension liability	61.60%	58.60%	60.10%

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

See notes to Required Supplementary Information

**TOWN OF WRENTHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2017**

SCHEDULE OF TOWN'S CONTRIBUTION

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarily determined contribution	\$ 1,569,071	\$ 1,422,787	\$ 1,361,510
Contribution in relation to the actuarilly determined contribution	<u>(1,569,071)</u>	<u>(1,422,787)</u>	<u>(1,361,510)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 8,212,587	\$ 7,741,172	\$ 6,914,194
Contribution as a percentage of covered - employee payroll	19.11%	18.38%	19.69%

Note: This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, 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, 2017**

The following schedule is presented in accordance with GASB Statement No. 74

Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2017	\$ 23,485,028	\$ 2,395,627	52.73%
2016	21,936,659	1,779,258	55.38%
2015	16,758,364	1,164,284	61.64%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF WRENTHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2017**

The following schedules are presented in accordance with GASB Statement No. 74

Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability

	June 30, 2017
Total OPEB Liability	
Service Cost	\$ 1,788,335
Interest	1,349,911
Differences between expected and actual experience	-
Changes of assumptions	(5,566,767)
Benefit Payments	(1,045,330)
Net Change in total OPEB liability	(3,473,851)
Change in Accounting from GASB 45 to 74	-
Total OPEB liability-beginning	46,095,970
Total OPEB liability-ending (a)	42,622,119
 Plan fiduciary net position	
Contributions-employer	1,145,330
Net investment income	(856)
Benefit payments	(1,045,330)
Administrative expenses	-
Net change in plan fiduciary net position	99,144
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	99,144
 Town's net OPEB liability-ending (a)-(b)	\$ 42,522,975
 Plan fiduciary net position as a percentage of total OPEB liability	0.2%
 Covered-employee payroll	17,023,295
 District's net OPEB liability as a percentage of covered-employee payroll	249.8%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available

See notes to required supplementary information.

**TOWN OF WRENTHAM, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2017**

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%
6/30/2015	\$ -	\$ 34,579,858	\$ 34,579,858	0.0%	\$ 14,081,000	245.6%

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
6/30/2016	\$ 2,723,084	34.74%	\$ 1,777,140	\$ 16,759,181
6/30/2017	\$ 2,871,395	36.40%	\$ 1,826,065	\$ 18,585,246

**TOWN OF WRENTHAM, MASSACHUSETTS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS
 JUNE 30, 2017**

Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial methods and assumptions.

Valuation Date:	Actuarially Determined Contribution for fiscal year ending June 30,2017 was determined with the June 30,2017 actuarial valuation.
Actuarial Cost Method:	Projected Unit Credit Method
Asset-Valuation Method:	Market value
Investment Rate of Return	7.00%
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years from July 1, 2016
discount Rate	3.58% as of June 30, 2017
Inflation:	4.00%
Salary Increases:	5.5% Decreasing over 6 years to an ultimate level of 3.5% and for Teachers 7.5% decreasing over 20 years to an ultimate level of 4.0%.
Pre-Retirement (Non Teachers) Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB2D from 2009.
Pre-Retirement (Teachers) Mortality:	RP-2014 Healthy Annuitant Mortality Table projected generationally with scale BB2D from 2014
Disabled (Non Teachers) Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB2D from 2012
Disabled (Teachers) Mortality:	RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with scale BB2D form 2014

Plan Membership – The following table represents the Plan’s membership as June 30, 2015:

Active Members	186
Inactive members currently receiving benefits	<u>146</u>
 Total	 <u><u>332</u></u>

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

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

C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total pension liability.

Other Postemployment Benefits Schedules

A. Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability

The Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability details the Plan's net other postemployment benefit liability and the covered employee payroll. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered payroll.

B. Schedules of Funding Progress and Employer Contributions

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated assets and the Schedule of Employer Contributions presents multi-year trend information for the Town's required and actual contributions relating to the plan.

**TOWN OF WRENTHAM, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

C. Actuarial Methods and Assumptions

The actuarial methods and assumptions presents factors that significantly affect the identification of trends in the amount reported.