

**TOWN OF HARDWICK, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2015**

**Town of Hardwick, Massachusetts**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Hardwick, Massachusetts

**Additional Offices:**

Nashua, NH  
Manchester, NH  
Greenfield, MA  
Ellsworth, ME

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hardwick, Massachusetts, as of and for the year ended June 30, 2015, 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**

The Town's 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 Hardwick, Massachusetts, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Pension Contributions 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 evidence sufficient to express an opinion or provide any assurance.

*Melanson Heath*

November 7, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Hardwick, Massachusetts, we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include sewer activities.

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

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

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

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for sewer operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer operations, which is considered to be a major fund.

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

## B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$13,171,162 (i.e., net position), a change of \$(871,933) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$1,896,049, a change of \$(112,253) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$444,669, a change of \$(165,085) in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current fiscal year was \$1,703,024, a change of \$(64,957) in comparison to the prior year.

## C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 2,665	\$ 2,467	\$ 221	\$ 244	\$ 2,886	\$ 2,711
Deferred outflows	1	-	-	-	1	-
Capital assets	<u>11,899</u>	<u>12,684</u>	<u>3,109</u>	<u>3,234</u>	<u>15,008</u>	<u>15,918</u>
Total assets and deferred outflows	14,565	15,151	3,330	3,478	17,895	18,629
Current liabilities	360	279	59	1,513	419	1,792
Noncurrent liabilities	<u>2,612</u>	<u>154</u>	<u>1,692</u>	<u>35</u>	<u>4,304</u>	<u>189</u>
Total liabilities	2,972	433	1,751	1,548	4,723	1,981
Net position:						
Net investment in capital assets	11,683	12,430	1,622	1,721	13,305	14,151
Restricted	1,082	1,133	-	-	1,082	1,133
Unrestricted	<u>(1,172)</u>	<u>1,155</u>	<u>(43)</u>	<u>209</u>	<u>(1,215)</u>	<u>1,364</u>
Total net position	<u>\$ 11,593</u>	<u>\$ 14,718</u>	<u>\$ 1,579</u>	<u>\$ 1,930</u>	<u>\$ 13,172</u>	<u>\$ 16,648</u>

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 173	\$ 118	\$ 410	\$ 387	\$ 583	\$ 505
Operating grants and contributions	528	51	-	-	528	51
Capital grants and contributions	331	871	-	640	331	1,511
General revenues:						
Property taxes	3,433	3,303	-	-	3,433	3,303
Excises	306	286	-	-	306	286
Licenses, permits, fines and forfeits	-	46	-	-	-	46
Penalties and interest on taxes	238	194	-	-	238	194
Grants and contributions not restricted to specific programs	505	492	-	-	505	492
Investment income	16	9	-	-	16	9
Other	38	68	-	-	38	68
	<u>5,568</u>	<u>5,438</u>	<u>410</u>	<u>1,027</u>	<u>5,978</u>	<u>6,465</u>
Total revenues						
Expenses:						
General government	783	1,130	-	-	783	1,130
Public safety	610	572	-	-	610	572
Education	2,637	2,653	-	-	2,637	2,653
Public works	1,656	1,763	-	-	1,656	1,763
Health and human services	135	153	-	-	135	153
Culture and recreation	91	101	-	-	91	101
Employee benefits	225	175	-	-	225	175
Retirement benefits	-	123	-	-	-	123
Interest on long-term debt	11	11	-	-	11	11
Intergovernmental	17	19	-	-	17	19
Miscellaneous	149	-	-	-	149	-
Sewer operations	-	-	535	501	535	501
	<u>6,314</u>	<u>6,700</u>	<u>535</u>	<u>501</u>	<u>6,849</u>	<u>7,201</u>
Total expenses						
Change in net position	(746)	(1,262)	(125)	526	(871)	(736)
Net position - beginning of year, as restated	<u>12,339</u>	<u>15,980</u>	<u>1,704</u>	<u>1,404</u>	<u>14,043</u>	<u>17,384</u>
Net position - end of year	<u>\$ 11,593</u>	<u>\$ 14,718</u>	<u>\$ 1,579</u>	<u>\$ 1,930</u>	<u>\$ 13,172</u>	<u>\$ 16,648</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$13,171,162, a change of \$(871,933) from the prior year.

The largest portion of net position \$13,304,776 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any



related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$1,082,165 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit balance of \$(1,215,779) caused primarily by net pension liability (see Note 16).

**Governmental activities.** Governmental activities for the year resulted in a change in net position of \$(746,541). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (61,451)
Nonmajor funds - accrual basis	559,917
Principal debt service in excess of depreciation expense	(1,358,222)
Change in net pension liability	(56,171)
Other	<u>169,386</u>
Total	<u>\$ (746,541)</u>

**Business-type activities.** Business-type activities for the year resulted in a change in net position of \$(125,392) from sewer operations.

Sewer operations	\$ <u>(125,392)</u>
Total	<u>\$ (125,392)</u>

#### **D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$1,896,049, a change of \$(112,253) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ (61,451)
Nonmajor funds operating results	<u>(50,802)</u>
Total	<u><u>\$ (112,253)</u></u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$444,669, while total fund balance was \$813,624. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 444,669	\$ 609,754	\$ (165,085)	10%
Total fund balance	\$ 813,624	\$ 875,075	\$ (61,451)	18%

The total fund balance of the general fund changed by \$(61,451) during the current fiscal year. Key factors in this change are as follows:

Excess of state and local revenues over budget	\$ (23,402)
Budgetary appropriation surplus	127,082
Shortfall of tax collections over budget	(45,534)
Excess of current year encumbrances to be spent in the subsequent year over prior year encumbrances spent in the current year	53,681
Use of free cash and overlay surplus	(143,184)
Other timing issues	<u>(30,094)</u>
Total	<u><u>\$ (61,451)</u></u>

Included in the total general fund balance are the Town's stabilization accounts with the following balances:

	<u>6/30/15</u>	<u>6/30/14</u>	<u>Change</u>
General stabilization	\$ 250,448	\$ 258,571	\$ (8,123)
Capital stabilization	<u>20,395</u>	<u>20,369</u>	<u>26</u>
Total	<u><u>\$ 270,843</u></u>	<u><u>\$ 278,940</u></u>	<u><u>\$ (8,097)</u></u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$(43,751), a change of \$(252,792) in comparison to the prior year, as restated.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

## **E. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$15,007,280 (net of accumulated depreciation), a change of \$(911,686) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Additional information on capital assets can be found in the Notes to Financial Statements.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$1,703,024, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to Financial Statements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Selectmen  
Town of Hardwick, Massachusetts  
307 Main Street  
P.O. Box 575  
Gilbertville, Massachusetts 01031

TOWN OF HARDWICK, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 1,398,921	\$ 54,578	\$ 1,453,499
Investments	767,667	-	767,667
Receivables, net of allowance for uncollectibles:			
Property taxes	218,616	-	218,616
Excises	37,604	-	37,604
User fees	-	166,097	166,097
Departmental and other	29,545	-	29,545
Title V loans	5,276	-	5,276
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	207,506	-	207,506
Capital Assets:			
Land and construction in progress	365,523	625,965	991,488
Other assets, net of accumulated depreciation	11,532,786	2,483,006	14,015,792
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,466</u>	<u>139</u>	<u>1,605</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	14,564,910	3,329,785	17,894,695
<b>LIABILITIES</b>			
Current:			
Warrants payable	185,403	4,245	189,648
Accrued payroll and withholdings	17,778	-	17,778
Accrued interest payable	6,451	28,209	34,660
Other current liabilities	102,405	-	102,405
Current portion of long-term liabilities:			
Bonds payable	40,175	27,086	67,261
Capital lease	7,724	-	7,724
Noncurrent:			
Bonds payable, net of current portion	175,800	1,459,963	1,635,763
Net pension liability	<u>2,436,443</u>	<u>231,851</u>	<u>2,668,294</u>
<b>TOTAL LIABILITIES</b>	2,972,179	1,751,354	4,723,533
<b>NET POSITION</b>			
Net investment in capital assets	11,682,594	1,622,182	13,304,776
Restricted for:			
Grants and other statutory restrictions	120,215	-	120,215
Permanent funds:			
Nonexpendable	703,150	-	703,150
Expendable	258,800	-	258,800
Unrestricted	<u>(1,172,028)</u>	<u>(43,751)</u>	<u>(1,215,779)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 11,592,731</u>	<u>\$ 1,578,431</u>	<u>\$ 13,171,162</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Governmental</u>	<u>Business-</u>	
<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Contributions</u>	<u>Contributions</u>		<u>Activities</u>	
<b>Governmental Activities:</b>						
General government	\$ 782,680	\$ 72,203	\$ 113,707	\$ 135,270	\$ (461,500)	\$ (461,500)
Public safety	610,564	31,919	1,933	-	(576,712)	(576,712)
Education	2,636,536	-	-	-	(2,636,536)	(2,636,536)
Public works	1,655,766	42,315	368,094	195,390	(1,049,967)	(1,049,967)
Health and human services	134,829	16,440	39,650	-	(78,739)	(78,739)
Culture and recreation	91,563	10,370	4,306	-	(76,887)	(76,887)
Employee benefits	225,193	-	-	-	(225,193)	(225,193)
Interest	11,283	-	-	-	(11,283)	(11,283)
Intergovernmental	16,696	-	-	-	(16,696)	(16,696)
Miscellaneous	148,851	-	-	-	(148,851)	(148,851)
Total Governmental Activities	6,313,961	173,247	527,690	330,660	(5,282,364)	(5,282,364)
<b>Business-Type Activities:</b>						
Sewer services	535,853	410,094	-	-	-	(125,759)
Total Business-Type Activities	535,853	410,094	-	-	-	(125,759)
Total	\$ 6,849,814	\$ 583,341	\$ 527,690	\$ 330,660	(5,282,364)	(125,759)
<b>General Revenues and Transfers:</b>						
Property taxes					3,432,825	3,432,825
Excises					306,203	306,203
Penalties, interest and other taxes					238,009	238,009
Grants and contributions not restricted to specific programs					505,299	505,299
Investment income					15,878	16,173
Miscellaneous					37,609	37,681
Total general revenues and transfers					4,535,823	4,536,190
Change in Net Position					(746,541)	(871,933)
<b>Net Position:</b>						
Beginning of year, as restated					12,339,272	14,043,095
End of year					\$ 11,592,731	\$ 13,171,162

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	General Fund	Paige Library Non-Expendable Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and short-term investments	\$ 974,539	\$ -	\$ 424,382	\$ 1,398,921
Investments	13,987	465,444	288,236	767,667
Receivables:				
Property taxes	454,461	-	-	454,461
Excises	43,998	-	-	43,998
Title V loans	-	-	5,276	5,276
Departmental and other	30,572	-	-	30,572
<b>TOTAL ASSETS</b>	<b>\$ 1,517,557</b>	<b>\$ 465,444</b>	<b>\$ 717,894</b>	<b>\$ 2,700,895</b>
<b>LIABILITIES</b>				
Warrants payable	\$ 89,766	\$ -	\$ 95,637	\$ 185,403
Accrued payroll and withholdings	17,778	-	-	17,778
Other liabilities	102,405	-	-	102,405
<b>TOTAL LIABILITIES</b>	<b>209,949</b>	<b>-</b>	<b>95,637</b>	<b>305,586</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>493,984</b>	<b>-</b>	<b>5,276</b>	<b>499,260</b>
<b>FUND BALANCES</b>				
Nonspendable	-	465,444	237,706	703,150
Restricted	-	-	428,495	428,495
Committed	157,121	-	260	157,381
Assigned	211,834	-	-	211,834
Unassigned	444,669	-	(49,480)	395,189
<b>TOTAL FUND BALANCES</b>	<b>813,624</b>	<b>465,444</b>	<b>616,981</b>	<b>1,896,049</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,517,557</b>	<b>\$ 465,444</b>	<b>\$ 717,894</b>	<b>\$ 2,700,895</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2015

<b>Total governmental fund balances</b>	\$ 1,896,049
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,898,309
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	463,500
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(6,451)
• Long-term liabilities, including bonds payable, compensated absences, and landfill liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(223,699)
• Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds.	<u>(2,434,977)</u>
<b>Net position of governmental activities</b>	\$ <u>11,592,731</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Paige Library Non-expendable Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 3,356,907	\$ -	\$ -	\$ 3,356,907
Excises	265,107	-	-	265,107
Penalties, interest, and other taxes	206,945	-	-	206,945
Charges for services	74,809	-	64,164	138,973
Licenses and permits	15,897	-	-	15,897
Fines and forfeitures	15,167	-	-	15,167
Intergovernmental	499,912	-	858,350	1,358,262
Investment income	2,102	-	13,776	15,878
Miscellaneous	<u>37,353</u>	<u>-</u>	<u>5,643</u>	<u>42,996</u>
Total Revenues	4,474,199	-	941,933	5,416,132
<b>Expenditures:</b>				
Current:				
General government	524,759	-	257,521	782,280
Public safety	555,790	-	21,156	576,946
Education	2,396,940	-	-	2,396,940
Public works	511,038	-	651,402	1,162,440
Health and human services	87,268	-	47,561	134,829
Culture and recreation	71,595	-	17,753	89,348
Employee benefits	169,022	-	-	169,022
Miscellaneous	148,851	-	-	148,851
Debt service	49,183	-	1,850	51,033
Intergovernmental	<u>16,696</u>	<u>-</u>	<u>-</u>	<u>16,696</u>
Total Expenditures	4,531,142	-	997,243	5,528,385
Excess (deficiency) of revenues over expenditures	(56,943)	-	(55,310)	(112,253)
<b>Other Financing Sources (Uses):</b>				
Transfers in	28,000	-	4,508	32,508
Transfers out	<u>(32,508)</u>	<u>-</u>	<u>-</u>	<u>(32,508)</u>
Total Other Financing Sources (Uses)	(4,508)	-	4,508	-
Change in fund balance	(61,451)	-	(50,802)	(112,253)
Fund Equity, at Beginning of Year	<u>875,075</u>	<u>465,444</u>	<u>667,783</u>	<u>2,008,302</u>
Fund Equity, at End of Year	<u>\$ 813,624</u>	<u>\$ 465,444</u>	<u>\$ 616,981</u>	<u>\$ 1,896,049</u>

The accompanying notes are an integral part of these financial statements.



TOWN OF HARDWICK, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2015

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (112,253)</b>														
<ul style="list-style-type: none"> <li>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: <table> <tr> <td style="padding-left: 20px;">Capital outlay purchases</td> <td style="text-align: right;">610,719</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(1,396,835)</td> </tr> </table> </li> <li>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 (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. <table> <tr> <td></td> <td style="text-align: right;">151,288</td> </tr> </table> </li> <li>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td style="padding-left: 20px;">Repayments of debt</td> <td style="text-align: right;">38,613</td> </tr> <tr> <td style="padding-left: 20px;">Repayments of capital lease</td> <td style="text-align: right;">16,961</td> </tr> </table> </li> <li>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table> <tr> <td></td> <td style="text-align: right;">1,137</td> </tr> </table> </li> <li>Certain changes in the net pension liability, which are deferred to future reporting periods, are not reported in the governmental funds. <table> <tr> <td></td> <td style="text-align: right;"><u>(56,171)</u></td> </tr> </table> </li> </ul>		Capital outlay purchases	610,719	Depreciation	(1,396,835)		151,288	Repayments of debt	38,613	Repayments of capital lease	16,961		1,137		<u>(56,171)</u>
Capital outlay purchases	610,719														
Depreciation	(1,396,835)														
	151,288														
Repayments of debt	38,613														
Repayments of capital lease	16,961														
	1,137														
	<u>(56,171)</u>														
<b>Change in net assets of governmental activities</b>	<b>\$ <u><u>(746,541)</u></u></b>														

The accompanying notes are an integral part of these financial statements.

TOWN OF HARWICK, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,  
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues and other sources:</b>				
Property taxes	\$ 3,402,441	\$ 3,402,441	\$ 3,402,441	\$ -
Excises	300,000	300,000	265,107	(34,893)
Penalties, interest, and other taxes	191,672	191,672	206,945	15,273
Charges for services	104,200	104,200	74,809	(29,391)
Licenses and permits	25,000	25,000	15,897	(9,103)
Fines and forfeitures	18,000	18,000	15,167	(2,833)
Intergovernmental	499,618	499,618	499,912	294
Investment income	1,500	1,500	1,398	(102)
Other revenues	17,605	17,605	54,958	37,353
Other financing sources:				
Transfers in	95,356	95,356	95,356	-
Use of overlay surplus	54,184	54,184	54,184	-
Use of free cash	89,000	89,000	89,000	-
Total Revenues	<u>4,798,576</u>	<u>4,798,576</u>	<u>4,775,174</u>	<u>(23,402)</u>
<b>Expenditures and other uses:</b>				
Current:				
General government	561,811	561,811	539,510	22,301
Public safety	607,160	607,160	592,493	14,667
Education	2,401,056	2,401,056	2,396,940	4,116
Public works	564,782	564,782	529,490	35,292
Health and human services	104,787	104,787	87,637	17,150
Culture and recreation	76,832	76,832	71,915	4,917
Employee benefits	402,724	402,724	374,085	28,639
Debt service	47,190	47,190	47,190	-
Intergovernmental	16,696	16,696	16,696	-
Other financing uses:				
Transfers out	14,000	14,000	14,000	-
Other uses	1,538	1,538	1,538	-
Total Expenditures	<u>4,798,576</u>	<u>4,798,576</u>	<u>4,671,494</u>	<u>127,082</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,680</u>	<u>\$ 103,680</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-Type Activities Enterprise Funds
	Sewer Fund
<b>ASSETS</b>	
Current:	
Cash and short-term investments	\$ 54,578
User fees, net of allowance for uncollectibles	<u>166,097</u>
Total current assets	220,675
Noncurrent:	
Capital Assets:	
Land and construction in progress	625,965
Other assets, net of accumulated depreciation	<u>2,483,006</u>
Total noncurrent assets	3,108,971
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>139</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	3,329,785
<b>LIABILITIES</b>	
Current:	
Warrants payable	4,245
Accrued liabilities	28,209
Current portion of long-term liabilities:	
Bonds payable	<u>27,086</u>
Total current liabilities	59,540
Noncurrent:	
Bonds payable, net of current portion	1,459,963
Net pension liability	<u>231,851</u>
Total noncurrent liabilities	<u>1,691,814</u>
<b>TOTAL LIABILITIES</b>	1,751,354
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,622,182
Unrestricted	<u>(43,751)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,578,431</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities <u>Enterprise Funds</u>
	<u>Sewer Fund</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 410,094
Other	<u>72</u>
Total Operating Revenues	410,166
<b>Operating Expenses:</b>	
Operating expenses	351,064
Depreciation	<u>125,570</u>
Total Operating Expenses	<u>476,634</u>
Operating Income (Loss)	(66,468)
<b>Nonoperating Revenues (Expenses):</b>	
Investment income	295
Interest expense	<u>(59,219)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(58,924)</u>
Change in Net Position	(125,392)
Net Position at Beginning of Year, as restated	<u>1,703,823</u>
Net Position at End of Year	<u><u>\$ 1,578,431</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds
	<u>Sewer Fund</u>
<b><u>Cash Flows From Operating Activities:</u></b>	
Receipts from customers and users	\$ 377,146
Payments to vendors and employees	<u>(348,279)</u>
Net Cash Provided By Operating Activities	28,867
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>	
Principal payments on bonds and notes	(26,344)
Interest expense	<u>(59,663)</u>
Net Cash (Used For) Capital and Related Financing Activities	(86,007)
<b><u>Cash Flows From Investing Activities:</u></b>	
Investment income	<u>295</u>
Net Cash Provided By Investing Activities	<u>295</u>
Net Change in Cash and Short-Term Investments	(56,845)
Cash and Short-Term Investments, Beginning of Year	<u>111,423</u>
Cash and Short-Term Investments, End of Year	<u><u>\$ 54,578</u></u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u></b>	
Operating income	\$ (66,468)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	125,570
Changes in assets and liabilities:	
User fees	(33,020)
Deferred outflows	(139)
Warrants and accounts payable	2,717
Accrued liabilities	(5,278)
Net pension liability	<u>5,485</u>
Net Cash Provided By Operating Activities	<u><u>\$ 28,867</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HARDWICK, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and short-term investments	\$ <u>(2,890)</u>
Total Assets	\$ <u><u>(2,890)</u></u>
 <b><u>LIABILITIES AND NET POSITION</u></b>	
Escrow deposits	\$ 3,550
Other liabilities	<u>(6,440)</u>
Total Liabilities	\$ <u><u>(2,890)</u></u>

The accompanying notes are an integral part of these financial statements.

# TOWN OF HARDWICK, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Hardwick, Massachusetts (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

#### B. Government-wide and Fund Financial Statements

##### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

##### Fund Financial Statements

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

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

Government-wide Financial Statements

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

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

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

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Paige Library Non-expendable Trust Fund accounts for the permanent trust fund established with an endowment from the estate of Elisabeth Morss.



Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

- Sewer Enterprise Fund

*D. Cash and Short-Term Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Investments*

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

Investments for the Trust Funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at market value.

*F. Property Tax Limitations*

Legislation known as “Proposition 2½” has limited the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2015 tax levy reflected an excess capacity of \$10,545.

*G. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	40
Building improvements	40
General Infrastructure	50
Vehicles	5
Office equipment	5
Computer equipment	5

*H. Compensated Absences*

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Post-Employment Health Care and Life Insurance Benefits

The Town does not contribute to retiree health or life insurance benefits.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

*Net Position* - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

L. *Use of Estimates*

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

**2. Stewardship, Compliance, and Accountability**

A. *Budgetary Information*

At the annual town meeting, the Advisory Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Advisory Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to appropriations as voted. Certain items may exceed the department budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

**B. Budgetary Basis**

The general fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

**C. Budget/GAAP Reconciliation**

The budgetary data for the general and proprietary funds is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 4,474,199	\$ 4,531,142
Other financing sources/uses (GAAP basis)	<u>28,000</u>	<u>32,508</u>
Subtotal (GAAP Basis)	4,502,199	4,563,650
Adjust tax revenue to accrual basis	45,534	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(54,501)
Add end-of-year appropriation carryforwards from expenditures	-	108,182
To record use of overlay surplus	54,184	-
To record use of free cash	89,000	-
To remove unbudgeted stabilization fund and pension fund	(6,204)	(14,000)
Other timing issues	<u>90,461</u>	<u>68,163</u>
Budgetary basis	<u>\$ 4,775,174</u>	<u>\$ 4,671,494</u>

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2015:

Special Revenue Funds:	
MART State Revenue	\$ (786)
Patrill Hollow Road Replacement	(47,198)
EMPG 2013-2014	(776)
Veterans Service Hardwick Flags	(491)
Chapter 90	<u>(229)</u>
	<u>\$ (49,480)</u>

The deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. **Cash and Short-Term Investments**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent 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 deposit policy for custodial credit risk.

As of June 30, 2015, none of the Town's bank balance of \$1,497,609 was exposed to custodial credit risk as uninsured or uncollateralized.

4. **Investments**

A. 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 (in thousands) is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>
Certificates of deposits	\$ 749		\$ 749
Corporate equities	<u>19</u>	N/A	<u>19</u>
Total investments	<u>\$ 768</u>		<u>\$ 768</u>

**B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

The Town's investments are exposed to custodial credit risk because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC, excess SIPC, and by maintaining investments in the Town's name.

**C. Concentration of Credit Risk**

The Town does not have an investment in one issuer greater than 5% of total investments.

**D. Interest Rate Risk**

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

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

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>N/A</u>
Certificates of deposit	\$ 749	\$ 277	\$ 472	\$ -
Corporate equities	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
Total	<u>\$ 768</u>	<u>\$ 277</u>	<u>\$ 472</u>	<u>\$ 19</u>

*E. Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2015 consist of the following (in thousands):

Real Estate			
2015	\$	189	
2014		23	
2013 and prior		<u>8</u>	
			220
Personal Property			
2015		2	
2014		1	
2013 and prior		<u>1</u>	
			4
Tax Liens			<u>231</u>
Total	\$		<u>455</u>

**6. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 5	\$ -
Tax liens	\$ 24	\$ -
Excises	\$ 6	\$ -
Sewer user fees	\$ -	\$ 34



## 7. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,323	\$ -	\$ -	\$ 6,323
Machinery, equipment, and furnishings	1,625	-	-	1,625
Infrastructure	<u>54,651</u>	<u>611</u>	<u>-</u>	<u>55,262</u>
Total capital assets, being depreciated	62,599	611	-	63,210
Less accumulated depreciation for:				
Buildings and improvements	(6,175)	(259)	-	(6,434)
Machinery, equipment, and furnishings	(1,512)	(45)	-	(1,557)
Infrastructure	<u>(42,593)</u>	<u>(1,093)</u>	<u>-</u>	<u>(43,686)</u>
Total accumulated depreciation	<u>(50,280)</u>	<u>(1,397)</u>	<u>-</u>	<u>(51,677)</u>
Total capital assets, being depreciated, net	12,319	(786)	-	11,533
Capital assets, not being depreciated:				
Land	348	-	-	348
Construction in progress	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
Total capital assets, not being depreciated	<u>366</u>	<u>-</u>	<u>-</u>	<u>366</u>
Governmental activities capital assets, net	<u>\$ 12,685</u>	<u>\$ (786)</u>	<u>\$ -</u>	<u>\$ 11,899</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,477	\$ -	\$ -	\$ 4,477
Machinery, equipment, and furnishings	143	-	-	143
Infrastructure	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total capital assets, being depreciated	7,620	-	-	7,620
Less accumulated depreciation for:				
Buildings and improvements	(1,913)	(123)	-	(2,036)
Machinery, equipment, and furnishings	(98)	(3)	-	(101)
Infrastructure	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Total accumulated depreciation	<u>(5,011)</u>	<u>(126)</u>	<u>-</u>	<u>(5,137)</u>
Total capital assets, being depreciated, net	2,609	(126)	-	2,483
Capital assets, not being depreciated:				
Land	11	-	-	11
Construction in progress	<u>615</u>	<u>-</u>	<u>-</u>	<u>615</u>
Total capital assets, not being depreciated	<u>626</u>	<u>-</u>	<u>-</u>	<u>626</u>
Business-type activities capital assets, net	<u>\$ 3,235</u>	<u>\$ (126)</u>	<u>\$ -</u>	<u>\$ 3,109</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
Public safety	\$ 51
Education	240
Public works	1,104
Culture and recreation	<u>2</u>
Total depreciation expense - governmental activities	<u>\$ 1,397</u>
Business-Type Activities:	
Sewer	<u>\$ 126</u>
Total depreciation expense - business-type activities	<u>\$ 126</u>

## 8. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

Net difference between projected and actual pension investment earnings	\$ 1,605
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## 9. Warrants Payable

Warrants payable represent 2015 expenditures paid by July 15, 2015.

## 10. Long-Term Debt

### A. General Obligation Bonds

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

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/15
<u>Governmental Activities:</u>			
Water filtration plant	08/01/18	4.50%	* \$ 7,400
Harwick Center water	10/08/19	4.25%	208,575
Total Governmental Activities:			<u>\$ 215,975</u>

\*Interest subsidized; net interest rate is 0%.

	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/15
<u>Business-Type Activities:</u>			
Wastewater pumping Station and Headworks (USDA)	01/27/42	2.250%	\$ 243,000
Wastewater pullution control - Wheelwright (USDA)	05/21/47	4.375%	302,642
Wastewater pullution control - Wheelwright (USDA)	11/30/47	4.250%	941,407
Total Business-Type Activities:			<u>\$ 1,487,049</u>

#### B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 40,175	\$ 8,864	\$ 49,039
2017	41,805	7,236	49,041
2018	43,503	5,537	49,040
2019	45,273	3,767	49,040
2020	45,219	1,922	47,141
Total	<u>\$ 215,975</u>	<u>\$ 27,326</u>	<u>\$ 243,301</u>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 27,086	\$ 58,719	\$ 85,805
2017	27,861	57,741	85,602
2018	28,669	56,731	85,400
2019	29,511	55,686	85,197
2020	30,388	54,607	84,995
2021 - 2025	166,487	255,449	421,936
2026 - 2030	194,818	222,056	416,874
2031 - 2034	982,229	407,121	1,389,350
Total	<u>\$ 1,487,049</u>	<u>\$ 1,168,110</u>	<u>\$ 2,655,159</u>

**C. Changes in General Long-Term Liabilities**

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/14</u>	Additions	Reductions	Total Balance <u>6/30/15</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/15</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 255	\$ -	\$ (39)	\$ 216	\$ (40)	\$ 176
Other:						
Capital lease	25	-	(17)	8	(8)	-
Net pension liability	<u>2,379</u>	<u>57</u>	<u>-</u>	<u>2,436</u>	<u>-</u>	<u>2,436</u>
Totals	<u>\$ 2,659</u>	<u>\$ 57</u>	<u>\$ (56)</u>	<u>\$ 2,660</u>	<u>\$ (48)</u>	<u>\$ 2,612</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 1,513	\$ -	\$ (26)	\$ 1,487	\$ (27)	\$ 1,460
Other:						
Net pension liability	<u>226</u>	<u>6</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>232</u>
Totals	<u>\$ 1,739</u>	<u>\$ 6</u>	<u>\$ (26)</u>	<u>\$ 1,719</u>	<u>\$ (27)</u>	<u>\$ 1,692</u>

**11. Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2015:

	<u>Fund Basis</u>	
	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Nonmajor</u>
Unavailable revenues	\$ 493,984	\$ 5,276

**12. Restricted Net Position**

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

### 13. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2015:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, stabilization funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods.

Following is a breakdown of the Town's fund balances at June 30, 2015:

	General Fund	Paige Library Non-Expendable Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ 465,444	\$ 237,706	\$ 703,150
Total Nonspendable	-	465,444	237,706	703,150
Restricted				
Special revenue funds	-	-	169,695	169,695
Expendable permanent funds	-	-	258,800	258,800
Total Restricted	-	-	428,495	428,495
Committed				
Capital project funds	-	-	260	260
Pension fund	157,121	-	-	157,121
Total Committed	157,121	-	260	157,381
Assigned				
Encumbrances				
General government	52,867	-	-	52,867
Public safety	51,818	-	-	51,818
Health and human services	3,177	-	-	3,177
Culture and recreation	320	-	-	320
Reserved for expenditures	103,652	-	-	103,652
Total Assigned	211,834	-	-	211,834
Unassigned				
General fund	173,826	-	-	173,826
Stabilization funds	270,843	-	(49,480)	221,363
Total Unassigned	444,669	-	(49,480)	395,189
Total Fund Balances	<u>\$ 813,624</u>	<u>\$ 465,444</u>	<u>\$ 616,981</u>	<u>\$ 1,896,049</u>

#### 14. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS).

The accompanying financial statements include an estimate for future potential tax refunds, which is not recognized under UMAS

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 444,669
Stabilization fund	<u>270,843</u>
Statutory (UMAS) Balance	<u>\$ 715,512</u>

## 15. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

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

## 16. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees' retirement funds.

### A. Plan Description

Substantially all employees of the Town are members of the Worcester Regional Retirement System (the System), a cost sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the

Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publically available from the System located at 23 Midstate Drive, Suite 106, Midstate Office Park, Auburn, MA 01501.

### B. Benefits Provided

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. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable service, (2) was on the Town payroll on January 1, 1978, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in

the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement.

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, depending upon the number of years of creditable service, such employees are entitled to receive zero, fifty, or one hundred percent of the regular interest which has accrued upon those deductions. However, effective July 1, 2010, members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3% and do not forfeit any interest previously earned on contributions.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2015 was \$148,851, which was equal to its annual required contribution.



*D. Summary of Significant Accounting Policies*

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 System and additions to/deductions from System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

*E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the Town reported a liability of \$2,668,294 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. 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 employers, actuarially determined. At December 31, 2014, the Town's proportion was 4.498 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$238,721. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 1,605
Total	<u>\$ 1,605</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 401
2017	401
2018	401
2019	<u>402</u>
Total	<u>\$ 1,605</u>

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not explicitly assumed
Salary increases	3% per year, including longevity
Investment rate of return	8%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table (sex-distinct, healthy employees for actives and healthy annuitants for retirees) projected with a scale AA and Generational Mortality. For members retired under an Accidental Disability (job-related), 40% of deaths are assumed to be from the same cause as the disability. Disabled mortality is the healthy retiree table ages set forward 2 years.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses 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 class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	43.00%	8.23%
Fixed income	23.00%	5.05%
Private equity	10.00%	9.75%
Real estate	10.00%	6.50%
Timber/Natural resour	4.00%	6.88%
Hedge funds	10.00%	7.00%

Discount Rate: The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7%) or 1 percentage-point higher (9%) than the current rate:

Fiscal Year Ended	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
6/30/2015	\$ 3,248,762	\$ 2,668,294	\$ 2,175,389

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

**17. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

**18. Beginning Net Position Restatement and Reclassification**

The beginning (July 1, 2014) net position of the Town has been restated and reclassified as follows:

Government-Wide Financial Statements:

	Governmental <u>Activities</u>	Business- Type <u>Activities</u> Sewer Enterprise <u>Fund</u>
As previously reported	\$ 14,718,077	\$ 1,930,189
GASB 68 implementation	<u>(2,378,805)</u>	<u>(226,366)</u>
As restated	<u>\$ 12,339,272</u>	<u>\$ 1,703,823</u>

**TOWN OF HARDWICK, MASSACHUSETTS**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**  
**(Unaudited)**

<u>Worcester Regional Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability for the most recent measurement date	0.448402%
Proportionate share of the net pension liability for the most recent measurement date	\$ 2,668,294
Covered-employee payroll for the most recent measurement date	\$ 701,616
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	380.31%
Plan fiduciary net position as a percentage of the total pension liability	47.94%

*Schedules are intended to show information for 10 years. Additional years will be*

See Independent Auditors' Report.

**TOWN OF HARDWICK, MASSACHUSETTS**

**SCHEDULE OF PENSION CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015  
(Unaudited)**

<u>Worcester Regional Retirement System:</u>	<u>2015</u>
Contractually required contribution for the current fiscal year	\$ 148,851
Contributions in relation to the contractually required contribution	<u>(148,851)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll for the current fiscal year	\$ 701,616
Contributions as a percentage of covered-employee payroll	21.22%

*Schedules are intended to show information for 10 years. Additional years will*

See Independent Auditors' Report.