



Bill Fraher, CPA

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**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Basic Financial Statements, Required Supplementary  
Information and Supplementary Information

Year ended June 30, 2014  
(Except for the Electric Enterprise Fund  
which is December 31, 2013)

(With Independent Auditor's Report Thereon)

# TOWN OF ASHBURNHAM, MASSACHUSETTS

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## Independent Auditor's Report

The Board of Selectman  
Town Of Ashburnham, Massachusetts:

### Report on the Financial Statements

I 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 Ashburnham, Massachusetts, as of and for the year ended June 30, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Electric Enterprise Fund, which is both a major fund and represents 28% of total assets, 25% of net position and 78% of revenues of business type activities of the Town of Ashburnham. Those financial statements have been audited by other auditors whose report has been furnished to me, and my opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Electric Enterprise Fund, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Electric Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

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 a 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 Town'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 Town's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, based on my audit and the report of other auditors, 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 Ashburnham, Massachusetts, as of June 30, 2014, 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 conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 12 and certain pension information on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing 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. I 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 regarding 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ashburnham's financial statements as a whole. The combining fund financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* I have also issued my report dated March 17, 2015 on my consideration of the Town of Ashburnham's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

A handwritten signature in black ink, appearing to read "Bill Fraher CPA".

Bill Fraher, CPA  
March 17, 2015



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

The Honorable Board of Selectmen  
Town of Ashburnham, Massachusetts

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ashburnham, Massachusetts, as of and for the year ended June 30, 2014 (except for the electric enterprise fund which is December 31, 2014), which collectively comprise the Town's basic financial statements and have issued my report thereon dated March 17, 2015. The financial statements of the Electric Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ashburnham's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Ashburnham's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain other matters that I reported to management of the Town of Ashburnham, Massachusetts, in a separate letter dated March 17, 2015.

This report is intended solely for the information and use of the Board of Selectmen, management, others within the organization, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Bill Fraher, CPA  
Boston, Massachusetts  
March 17, 2015

**TOWN OF ASHBURNHAM, MASSACHUSETTS**  
Management's Discussion and Analysis  
Required Supplementary Information  
June 30, 2014

This section of the Town of Ashburnham's annual financial report presents a discussion and analysis of the Town's financial activities during the fiscal year ended June 30, 2014. Please read it in conjunction with the additional information at the front of this report and the financial statements, which follow this section. Amounts related to business type activities and enterprise funds include the Town's electric light department, which is included in the financial statements as of its fiscal year ended December 31, 2013.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities (net position) at the close of the current fiscal year by \$42,053,378, a decrease of \$195,399 (0.5%) from the prior year. Governmental activities showed an increase in net position of \$177,459 (1.4%) due to current year operating results while business-type activities showed a decrease of \$372,858 (1.3%), primarily due to sewer fund activity (unfunded depreciation).
- Total fund balance of the Town's governmental funds at June 30, 2014 was \$3,819,106, an increase of \$13,616,166 from the prior year. This was primarily due to the issuance of long term debt of \$13,708,000 on the school capital project and a bond premium of \$978,841, offset by expenditures on the school project.
- At the end of fiscal 2014, unassigned fund balance for the general fund (excluding stabilization and capital improvement balances) was \$500,430 or approximately 3.5% of total general fund budgeted expenditures. This is an increase from the prior year amount of \$408,600 and is due to operating results. Total general fund unassigned fund balance, including stabilization and capital improvement funds was \$1,291,126, up slightly from last year's amount of \$1,020,689.
- The Town adopted a retiree health and life insurance benefit starting in 2014. This resulted in recognizing \$685,510 in other post-employment benefit (OPEB) expenses in the 2014 financial statements. The accrued actuarial liability as of July 1, 2013 (the initial measurement date) is \$5,830,758, all of which is unfunded at this time.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements** - The government-wide financial statements report information about the Town with a broad overview of its finances using accounting methods similar to those used by a private-sector business.

The statement of net position presents information of all the Town's 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 health of the Town is improving or deteriorating. The

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statement of activities presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event causing the change takes place.

Therefore, all of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities** – Governmental activities of the Town such as general government, public works, public safety, public roads, education, health, recreation and culture are reported here. Property taxes, state aid and local fees and charges finance most of these activities.
- **Business-type activities** – The Town charges fees to users to help it cover costs of certain services it provides. The Town's electric, water and sewer operations are included here.

The government-wide financial statements can be found on pages 13 - 14 of this report.

### **Fund Financial Statements**

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

**Governmental funds** - Similar to the government activities in the government-wide financial statements, most of the Town's basic services are presented here. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of available resources. They also focus on the balance of available resources at the end of the fiscal year. This information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is short-term and government-wide funds are long-term it is useful to compare similar information presented for governmental funds with governmental activities in the government-wide financial statements. This comparison may demonstrate the long-term implications of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and charges in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and school capital projects fund, which are each considered a major fund. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements.

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The Town adopts an annual budget for its general fund. A budgetary comparison schedule for the general fund is presented to show how actual results (on a budgetary basis of accounting) compared with the original and final budget. The governmental fund financial statements can be found on pages 15 - 16. Reconciliations to the entity wide statements appear on pages 17 – 18 and budget to actual information appears on page 19.

**Proprietary funds** - The Town uses enterprise funds (one type of proprietary fund) to account for electric, water and sewer activities which are all considered to be major funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 20 - 22.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town is the trustee, or fiduciary. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries and the agency fund. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Town's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary fund financial statement can be found on page 23.

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

The notes to the basic financial statements can be found on pages 24 - 44.

**Other information** - In addition to the basic financial statements and accompanying notes this report also presents supplementary information, which pertains to nonmajor governmental funds and pensions.

Supplementary information can be found on page 45 through and 47.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Town's case, net position (the amount by which assets exceeded liabilities) are \$42,053,378 at the close of the most recent fiscal year, a small decrease from the prior year (0.5%). Of this amount, \$3.6 million is considered unrestricted (unrestricted net position), compared to \$5.9 million at the end of the prior year. The unrestricted net position of the Town's governmental activities is \$1.5 million (compared to \$2.5 million at the end of the prior year) and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position of the Town's business-type activities is \$2.0 million (compared to \$3.4 million at the end of the prior year) and may be used to meet ongoing obligations of the Town's electric, water and sewer business-type activities. The decreases in unrestricted net position are due mostly to reclassification of the electric depreciation fund to restricted net position and the first year of the Town's OPEB plan expenses.

The largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, furniture and equipment), less any related debt to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

During the current fiscal year, total net position of the Town decreased \$195,399 (0.5%) from the prior year. Governmental activities showed an increase in net position of \$177,459 (1.4%) due to current year operating results while business-type activities showed a decrease of \$372,858 (1.3%), primarily due to sewer fund activity (unfunded depreciation).

**Governmental activities** - The Town's total governmental activities revenue was \$15,195,376, an 8% increase from the prior year amount of \$14,073,544. The breakdown of revenue by source is detailed below.

**Revenue by Source – Governmental Activities**

Charges for Services	\$ 752,556	4.9 %
Operating Grants and Contributions	619,946	4.1 %
Capital Grants and Contributions	944,543	6.2 %
Property Taxes	11,146,390	73.4%
Excise Taxes	754,101	5.0 %
Intergovernmental	840,449	5.5 %
Unrestricted Investment Earnings	54,753	0.4 %
Miscellaneous	82,638	0.5 %
<b>Total Governmental Revenue</b>	<b>\$15,195,376</b>	<b>100.00 %</b>

As shown in the table above, the vast majority of governmental activities revenue is derived from property taxes, with lesser amounts from excise taxes and state aid. There were no significant changes from the prior year other than an increase in capital grants due to the school project and the usual increase in property taxes.

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Town's total governmental activities expenditures for fiscal year 2014 were \$15,086,329, an increase from the prior year amount of \$13,976,030. As shown below, education expenditures were \$6,775,434, which is 48.9% of the total.

General Government	\$ 1,894,673	12.5 %
Public Safety	3,194,801	21.1 %
Education	6,775,434	45.0 %
Public Works	1,958,563	13.0 %
Human Services	313,807	2.1 %
Recreation & Culture	329,323	2.2 %
Interest on Debt Service	619,728	4.1 %
<b>TOTAL</b>	<b>\$15,086,329</b>	<b>100.00 %</b>

**Business-type activities** - Total revenues from electric, water and sewer were \$6,642,099, an increase from the prior year amount of \$6,455,469. Electric revenue was \$4,987,795, an increase from the prior year amount of \$4,486,952, water revenue was \$928,585 a large decrease from the prior year amount of \$1,481,630 (due to last year's capital grant) and sewer revenue was \$725,719, an increase from the prior year amount of \$486,887. Electric revenues were more than expenses and transfers by \$88,649, water revenues were more than expenses and transfers by \$48,871 and sewer revenues were less than expenses by \$510,378 (sewer amounts are due mainly to unfunded depreciation).

**Revenue by Sources** - Business-type activities – Revenues were primarily generated from charges for services, with other revenues coming from special assessments, capital grant revenues and debt subsidies from the Commonwealth of Massachusetts.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

**Governmental funds** - The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for future spending.

At the end of fiscal 2014, the Town's governmental funds reported a combined ending fund balance of \$3,819,106 compared to a deficit of (\$9,797,060) at the end of fiscal year 2013, an increase of \$13,616,166. This was primarily due to the issuance of long term debt of \$13,708,000 and a bond premium of \$978,841, offset by school capital projects expenditures of \$2,109,570. Of the total fund balances at the end of fiscal 2014, \$1,291,126 is available for spending at the Town's discretion (general fund unassigned fund balance, which includes stabilization fund balance of \$373,498 and a capital improvement fund balance of \$417,198).

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The remainder of fund balance is: 1) assigned to liquidate contracts and warrants of the current period (\$222,767), 2) nonspendable permanent fund principal (\$352,019), 3) restricted for permanent fund expenditures (\$422,922) or 4) restricted or assigned for special revenue fund purposes (\$527,840) or capital projects (\$23,591) and restricted for a bond premium amortization (\$978,841).

The general fund is the chief operating fund of the Town. At the end of fiscal 2014 unassigned (formerly unreserved) fund balance of the general fund was \$1,291,126, an increase from \$1,020,689 last year. This increase was due primarily to current year operating results. As a measure of liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance excluding stabilization and capital improvement balances represents approximately 3.5% of total general fund expenditures, the same as last year. Total unassigned fund balance, including stabilization and capital improvement balances, represents approximately 9.0% of total general fund expenditures, up from 8.0% last year, which means that there has been an increase in general fund unassigned funds in relation to the Town's total budgetary needs.

**Proprietary funds** - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the proprietary funds at the end of the year totaled \$29,219,359, compared to \$29,592,217 last year. Unrestricted net position totaled \$2,020,373 (compared to \$3,429,714 last year) and consists of \$989,747 (\$2,176,360 last year) in the electric fund, \$251,349 (\$255,776 last year) in the water fund and \$779,277 (\$997,578 last year) in the sewer fund. The most significant reason for the decrease in unrestricted net position was the reclassification of the electric fund's depreciation fund to restricted net position.

**Budgetary highlights** - The differences between the original budget and final budget were due to Finance Committee reserve fund and end of year transfers. Actual revenue and were more than budget by \$352,612 (2.6%) with no significant variances in any categories. Expenditures were less than budget by \$119,331 (0.9%), due to some Town departments having unexpended and unencumbered funds at year end. Total budgeted expenditures were \$13,662,162 and the total budgeted revenues were \$13,334,409. In addition, there were budgeted transfers in of \$260,728 and budgeted transfers out of \$206,502. The budgeted difference of \$273,527 was to be funded from available fund balances in the general fund. Actual results show that the Town did better than budget by \$376,644, more than enough to replenish the budgeted use of available funds.

## **Capital Asset and Debt Administration**

**Capital Assets** - The Town's investment in capital assets for governmental and business-type activities as of June 30, 2014, amounts to \$59,762,536 (which is net of accumulated depreciation of \$34,329,618), up 2.3% from \$58,403,466 at the end of the prior year. The investment in capital assets includes land; buildings; improvements; machinery and equipment; park facilities; streets; sidewalks; and electric, water and sewer systems. Governmental activity infrastructure includes improvements that were put in service after 1980. The major additions in 2014 were \$2,033,000 for the school construction project and \$347,000 for road improvements. Additions exceeded depreciation, resulting in the overall increase in net capital assets.

The detail of capital assets at June 30, 2014 (including light department amounts as of December 31, 2013) is as follows:

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	Governmental Activities	Business-type Activities
Land and land improvements	\$ 3,423,578	\$ 317,063
Buildings & improvements	15,099,705	9,084,274
Equipment & machinery	5,024,062	3,870,189
Infrastructure	5,323,117	37,418,663
Construction in progress	14,445,246	86,257
Accumulated depreciation	(13,485,358)	(20,844,260)
<b>Total</b>	<b>\$29,830,350</b>	<b>\$29,932,186</b>

Additional information on the Town's capital assets may be found in Note 4 to the financial statements pages 32 – 33.

**Long-term obligations** - At June 30, 2014 the Town had a total long term obligations outstanding of \$26,162,849, compared to \$12,067,610 at the end of last year. Of the amount at June 30, 2014, \$21,706,521 relates to governmental activities and \$4,456,328 relates to business-type activities. Of this total, \$24,433,068 is related to the Town's long term debt. All debt is a general obligation of the Town, although electric, water and sewer debt service payments are made from the resources of the enterprise funds. The main reason for the increase was the issuance of \$13,708,000 in long term debt.

The Town adopted an OPEB plan beginning in 2014. The total liability per the financial statements at June 30, 2014 is \$685,510 and the total unfunded accrued actuarial liability as of the measurement date of July 1, 2013 is \$5,830,758.

Additional information on the Town's long-term debt can be found in Note 7 to the financial statements beginning on page 34.

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

## Statement of Net Position

For the Year Ended June 30, 2014

(Electric Business-Type Activity Is as of December 31, 2013)

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,063,478	2,416,182	5,479,660
Investments	1,468,649	-	1,468,649
Receivables (net of allowance for uncollectibles)	1,907,780	933,352	2,841,132
Due from commonwealth	636,135	-	636,135
Other assets	-	1,020,167	1,020,167
<b>Total current assets</b>	<b>7,076,042</b>	<b>4,369,701</b>	<b>11,445,743</b>
<b>Noncurrent assets:</b>			
Cash and cash equivalents - special funds	-	2,936,855	2,936,855
Other assets	-	56,043	56,043
Special Assessments	-	312,679	312,679
Due from other funds	-	345,300	345,300
Due from commonwealth	-	565,684	565,684
Capital assets not being depreciated	17,868,824	403,320	18,272,144
Capital assets being depreciated, net	11,961,526	29,528,866	41,490,392
<b>Total noncurrent assets</b>	<b>\$ 29,830,350</b>	<b>34,148,747</b>	<b>63,979,097</b>
<b>Total assets</b>	<b>36,906,392</b>	<b>38,518,448</b>	<b>75,424,840</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Warrants and accounts payable	\$ 192,895	558,839	751,734
Accrued payroll and withholdings	121,546	-	121,546
Other accrued liabilities	40,484	118,770	159,254
Due to other funds	85,900	-	85,900
Accrued interest payable	393,072	-	393,072
Notes payable	1,083,414	1,418,000	2,501,414
Other liabilities	-	-	-
Accrued compensated absences	45,150	-	45,150
Unamortized bond premium	133,729	-	133,729
Bonds payable	1,193,873	534,434	1,728,307
<b>Total current liabilities</b>	<b>3,290,063</b>	<b>2,630,043</b>	<b>5,920,106</b>
<b>Noncurrent liabilities:</b>			
Due to other funds	259,400	-	259,400
Other liabilities	-	2,690,076	2,690,076
Accrued compensated absences	266,497	-	266,497
Other post-employment benefits	534,441	151,069	685,510
Unamortized bond premium	845,112	-	845,112
Bonds payable	18,876,860	3,827,901	22,704,761
<b>Total noncurrent liabilities</b>	<b>20,782,310</b>	<b>6,669,046</b>	<b>27,451,356</b>
<b>Total liabilities</b>	<b>24,072,373</b>	<b>9,299,089</b>	<b>33,371,462</b>
<b>Net Position</b>			
Net investment in capital assets	9,759,617	26,093,247	35,852,864
<b>Restricted for:</b>			
Perpetual funds - nonexpendable	352,019	-	352,019
Perpetual funds - expendable	422,922	-	422,922
Capital projects	23,591	-	23,591
Other specific purposes	1,273,376	1,105,739	2,379,115
Unrestricted	1,636,935	2,077,449	3,614,384
<b>Total net position</b>	<b>\$ 12,834,019</b>	<b>29,219,359</b>	<b>42,053,378</b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Statement of Activities

For the Year Ended June 30, 2014

(Electric Business-Type Activity is for the year ended December 31, 2013)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Governmental activities:</b>							
General government	\$ 1,894,673	53,778	121,102	-	(1,719,793)	-	(1,719,793)
Public safety	3,194,801	632,647	158,636	-	(2,403,518)	-	(2,403,518)
Education	6,775,434	-	85,749	580,863	(6,108,822)	-	(6,108,822)
Public works	1,958,563	59,684	27,918	363,680	(1,507,281)	-	(1,507,281)
Human services	313,807	6,447	118,950	-	(188,410)	-	(188,410)
Recreation and culture	329,323	-	74,254	-	(255,069)	-	(255,069)
Interest on debt service	619,728	-	33,337	-	(586,391)	-	(586,391)
<b>Total governmental activities</b>	<b>15,086,329</b>	<b>752,556</b>	<b>619,946</b>	<b>944,543</b>	<b>(12,769,284)</b>	<b>-</b>	<b>(12,769,284)</b>
<b>Business-type activities:</b>							
Water	846,192	756,016	-	172,569	-	82,393	82,393
Sewer	1,269,072	630,459	33,332	61,928	-	(543,353)	(543,353)
Electric	4,833,262	4,772,743	186,431	-	-	125,912	125,912
<b>Total business-type activities</b>	<b>6,948,526</b>	<b>6,159,218</b>	<b>219,763</b>	<b>234,497</b>	<b>-</b>	<b>(335,048)</b>	<b>(335,048)</b>
<b>Total government</b>	<b>\$ 22,034,855</b>	<b>6,911,774</b>	<b>839,709</b>	<b>1,179,040</b>	<b>(12,769,284)</b>	<b>(335,048)</b>	<b>(13,104,332)</b>
<b>General revenues:</b>							
Property taxes					11,146,390	-	11,146,390
Excise taxes					754,101	-	754,101
Intergovernmental					840,449	-	840,449
Unrestricted investment earnings					54,753	28,621	83,374
Miscellaneous					82,638	-	82,638
Transfers in (out)					88,412	(66,431)	1,981
<b>Total general revenues and transfers</b>					<b>12,946,743</b>	<b>(37,810)</b>	<b>12,908,933</b>
<b>Changes in net position</b>					<b>177,459</b>	<b>(372,858)</b>	<b>(195,399)</b>
<b>Net position - beginning of year</b>					<b>12,656,560</b>	<b>29,592,217</b>	<b>42,248,777</b>
<b>Net position - end of year</b>					<b>\$ 12,834,019</b>	<b>29,219,359</b>	<b>42,053,378</b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Balance Sheet - Governmental Funds

For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>School Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,992,717	502,551	568,210	3,063,478
Investments	699,986	-	768,663	1,468,649
Receivables:				
Property taxes	202,936	-	-	202,936
Tax liens and foreclosures	1,425,889	-	-	1,425,889
Motor vehicle excise	60,281	-	-	60,281
Departmental	140,601	-	148,698	289,299
Less: allowance for abatements	(14,362)	-	-	(14,362)
Less: allowance for uncollectibles	(56,263)	-	-	(56,263)
Due from other governments	-	580,863	52,042	632,905
<b>Total assets</b>	<b><u>4,451,785</u></b>	<b><u>1,083,414</u></b>	<b><u>1,537,613</u></b>	<b><u>7,072,812</u></b>
<b><u>Deferred Outflows of Resources</u></b>				
All deferred outflows	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 4,451,785</u></b>	<b><u>1,083,414</u></b>	<b><u>1,537,613</u></b>	<b><u>7,072,812</u></b>
<b><u>Liabilities</u></b>				
Warrants and accounts payable	\$ 110,833	-	82,062	192,895
Accrued payroll and withholdings	121,546	-	-	121,546
Notes payable	-	1,083,414	-	1,083,414
Other liabilities	40,484	-	-	40,484
<b>Total liabilities</b>	<b><u>272,863</u></b>	<b><u>1,083,414</u></b>	<b><u>82,062</u></b>	<b><u>1,438,339</u></b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue	1,686,188	-	129,179	1,815,367
<b><u>Fund balances</u></b>				
Nonspendable	-	-	352,019	352,019
Restricted	978,841	-	741,048	1,719,889
Committed	-	-	-	-
Assigned	222,767	-	233,305	456,072
Unassigned	1,291,126	-	-	1,291,126
<b>Total fund balances</b>	<b><u>2,492,734</u></b>	<b><u>-</u></b>	<b><u>1,326,372</u></b>	<b><u>3,819,106</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,451,785</u></b>	<b><u>1,083,414</u></b>	<b><u>1,537,613</u></b>	<b><u>7,072,812</u></b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2014

	General Fund	School Capital Project	Nonmajor Governmental Funds	Total
Revenues:				
Property taxes	\$ 11,182,828	-	-	11,182,828
Excise taxes	788,051	-	-	788,051
Departmental charges for services	462,273	-	167,230	629,503
Licenses and permits	167,873	-	-	167,873
Intergovernmental	1,006,045	580,863	605,298	2,192,206
Fines and forfeits	22,800	-	-	22,800
Investment income	13,173	-	42,673	55,846
Other	81,544	-	184,486	266,030
Total revenues	<u>13,724,587</u>	<u>580,863</u>	<u>999,687</u>	<u>15,305,137</u>
Expenditures:				
Current:				
General government	1,171,855	76,570	120,279	1,368,704
Public safety	2,026,198	-	189,056	2,215,254
Education	6,778,794	2,033,000	-	8,811,794
Public works	1,162,978	-	384,902	1,547,880
Human services	154,386	-	96,465	250,851
Recreation and culture	224,307	-	26,516	250,823
Intergovernmental	49,126	-	-	49,126
Employee benefits	818,473	-	-	818,473
Other	111,796	-	-	111,796
Debt service	994,523	-	25,000	1,019,523
Total expenditures	<u>13,492,436</u>	<u>2,109,570</u>	<u>842,218</u>	<u>16,444,224</u>
Excess (deficiency) of revenues over expenditures	232,151	(1,528,707)	157,469	(1,139,087)
Other financing sources (uses):				
Proceeds of borrowing	-	13,708,000	-	13,708,000
Bond premiums	978,841	-	-	978,841
Operating transfers in	165,429	-	-	165,429
Operating transfers out	(32,975)	-	(64,042)	(97,017)
Total other financing sources (uses)	<u>1,111,295</u>	<u>13,708,000</u>	<u>(64,042)</u>	<u>14,755,253</u>
Net changes in fund balances	1,343,446	12,179,293	93,427	13,616,166
Fund balance, beginning of year, as revised	<u>1,149,288</u>	<u>(12,179,293)</u>	<u>1,232,945</u>	<u>(9,797,060)</u>
Fund balance, end of year	\$ <u>2,492,734</u>	<u>-</u>	<u>1,326,372</u>	<u>3,819,106</u>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Reconciliation of the Governmental Fund Balance Sheet  
To the Statement of Net Position  
For the Year Ended June 30, 2014

**Total fund balances - governmental funds** \$ 3,819,106

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds. These  
assets consist of:

Land and land improvements	3,423,578
Infrastructure assets	5,323,117
Buildings and building improvements	15,099,705
Other capital assets	5,024,062
Construction in progress	14,445,246
Accumulated depreciation	<u>(13,485,358)</u>

**Total Capital Assets** 29,830,350

Other long-term assets are not available to pay for current  
period expenditures and, therefore, are deferred or are  
not recorded in the funds. 1,470,067

Long-term liabilities are not due and payable in the current  
period and, therefore, are not reported in funds. These  
liabilities consist of:

Bonds payable	(20,070,733)
Accrued interest on bonds, net of subsidy	(389,842)
Unamortized bond premium	(978,841)
Compensated absences	(311,647)
Other post-employment benefits	<u>(534,441)</u>

**Total long-term liabilities** (22,285,504)

**Net position of governmental activities** \$ 12,834,019

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Reconciliation of the Governmental Funds - Statement of Revenues,  
Expenditures and Changes in Fund Balances To the Statement of Activities  
For the Year Ended June 30, 2014

<b>Net changes in fund balances - governmental funds</b>	<b>\$ 13,616,166</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, these amounts are recorded as capital assets and depreciated over their estimated useful lives. This is the amount by which depreciation is less than capital outlays for the year.	1,827,030
Bond proceeds provide financial resources and bond payments are recorded as expenditures in governmental funds, while these are recorded as increases or decreases to long-term liabilities in the statement of net position. This is the amount by which bond proceeds and premiums were more than long-term debt repayments for the year.	(14,287,046)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds, while revenues previously accrued in the statement of activities may be recorded as revenue in the funds.	(109,761)
Some expenses in the Statement of Activities do not require the use of current financial resources are not reported in the funds.	<u>(868,930)</u>
<b>Changes in net position of governmental activities</b>	<b>\$ <u>177,459</u></b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance To Final Budget Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 11,149,823	11,149,823	11,199,148	49,325
Excise taxes	685,603	685,603	788,051	102,448
Departmental charges for services	396,638	396,638	462,273	65,635
Licenses and permits	116,100	116,100	167,873	51,773
Intergovernmental	886,457	886,457	957,239	70,782
Fines and forfeits	30,338	30,338	22,800	(7,538)
Investment income	6,750	6,750	8,093	1,343
Other	62,700	62,700	81,544	18,844
<b>Total revenues</b>	<u>13,334,409</u>	<u>13,334,409</u>	<u>13,687,021</u>	<u>352,612</u>
<b>Expenditures:</b>				
General government	1,293,676	1,268,176	1,241,016	27,160
Public safety	2,085,083	2,115,583	2,045,593	69,990
Education	7,002,143	6,840,068	6,775,050	65,018
Public works	977,202	1,123,777	1,113,721	10,056
Human services	187,830	195,830	189,386	6,444
Recreation and culture	250,659	253,159	252,953	206
Debt service	930,471	930,471	986,185	(55,714)
Intergovernmental	47,086	47,086	49,126	(2,040)
Employee benefits	753,658	753,658	778,005	(24,347)
Other	134,354	134,354	111,796	22,558
<b>Total expenditures</b>	<u>13,662,162</u>	<u>13,662,162</u>	<u>13,542,831</u>	<u>119,331</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(327,753)</u>	<u>(327,753)</u>	<u>144,190</u>	<u>471,943</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	260,728	260,728	165,429	(95,299)
Operating transfers out	<u>(206,502)</u>	<u>(206,502)</u>	<u>(206,502)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>54,226</u>	<u>54,226</u>	<u>(41,073)</u>	<u>(95,299)</u>
<b>Net changes in fund balances</b>	<u>(273,527)</u>	<u>(273,527)</u>	<u>103,117</u>	<u>376,644</u>
<b>Fund balance, beginning of year</b>			<u>348,833</u>	
<b>Fund balance, end of year</b>			<u>451,950</u>	

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

## Statement of Net Position - Proprietary Funds

For the Year Ended June 30, 2014

(Except for Electric Enterprise which is as of December 31, 2013)

	Water Enterprise	Sewer Enterprise	Electric Enterprise	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,484,054	15,524	916,604	2,416,182
Receivables (net):				
User charges	133,302	97,597	220,899	451,798
Other	17,680	32,856	280,555	331,091
Unbilled revenue	81,849	68,614	-	150,463
Materials and supplies inventory	-	-	209,231	209,231
Prepaid expenses	-	-	67,289	67,289
Other assets	-	-	695,381	695,381
Due from Commonwealth	18,378	29,888	-	48,266
<b>Total current assets</b>	<b>1,735,263</b>	<b>244,479</b>	<b>2,389,959</b>	<b>4,369,701</b>
<b>Noncurrent assets:</b>				
Cash and cash equivalents - depreciation fund	-	-	1,105,739	1,105,739
Cash and cash equivalents - customer deposits	-	-	66,074	66,074
Cash and cash equivalents - stabilization fund	-	-	1,765,042	1,765,042
Other assets	-	-	56,043	56,043
Special Assessments	-	312,679	-	312,679
Due from other funds	-	345,300	-	345,300
Due from Commonwealth	221,822	343,862	-	565,684
Capital assets	15,936,449	25,264,769	9,575,228	50,776,446
Accumulated depreciation	(6,231,744)	(10,216,893)	(4,395,623)	(20,844,260)
<b>Total noncurrent assets</b>	<b>9,926,527</b>	<b>16,049,717</b>	<b>8,172,503</b>	<b>34,148,747</b>
<b>Total assets</b>	<b>\$ 11,661,790</b>	<b>16,294,196</b>	<b>10,562,462</b>	<b>38,518,448</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Warrants and accounts payable	\$ 28,013	64,755	466,071	558,839
Accrued expenses	51,651	29,888	37,231	118,770
Notes payable	1,418,000	-	-	1,418,000
Bonds payable	191,234	343,200	-	534,434
<b>Total current liabilities</b>	<b>1,688,898</b>	<b>437,843</b>	<b>503,302</b>	<b>2,630,043</b>
<b>Noncurrent liabilities:</b>				
Other liabilities	-	-	2,690,076	2,690,076
Bonds payable	2,348,901	1,479,000	-	3,827,901
Other post-employment benefits payable	28,538	28,538	93,993	151,069
<b>Total noncurrent liabilities</b>	<b>2,377,439</b>	<b>1,507,538</b>	<b>2,784,069</b>	<b>6,669,046</b>
<b>Total liabilities</b>	<b>4,066,337</b>	<b>1,945,381</b>	<b>3,287,371</b>	<b>9,299,089</b>
<b>Net Position</b>				
Net investment in capital assets	7,344,104	13,569,538	5,179,605	26,093,247
Restricted for depreciation	-	-	1,105,739	1,105,739
Unrestricted	251,349	779,277	989,747	2,020,373
<b>Total net position</b>	<b>\$ 7,595,453</b>	<b>14,348,815</b>	<b>7,275,091</b>	<b>29,219,359</b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended June 30, 2014

(Except for Electric Enterprise which is for the year ended December 31, 2013)

	<u>Water Enterprise</u>	<u>Sewer Enterprise</u>	<u>Electric Enterprise</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 756,016	630,459	4,772,743	6,159,218
Other operating revenues	-	33,332	186,431	219,763
Total operating revenues	<u>756,016</u>	<u>663,791</u>	<u>4,959,174</u>	<u>6,378,981</u>
Operating expenditures:				
Energy purchases and power production	-	346,189	3,264,692	3,610,881
Other operating expenses	439,901	293,129	1,138,391	1,871,421
Depreciation	305,777	534,591	275,175	1,115,543
Total operating expenditures	<u>745,678</u>	<u>1,173,909</u>	<u>4,678,258</u>	<u>6,597,845</u>
Operating income	<u>10,338</u>	<u>(510,118)</u>	<u>280,916</u>	<u>(218,864)</u>
Nonoperating revenues (expenses):				
Interest expense	(100,514)	(95,163)	(93)	(195,770)
Intergovernmental	172,569	61,928	-	234,497
Other	-	-	(154,911)	(154,911)
Investment income	-	-	28,621	28,621
Total nonoperating revenues (expenses)	<u>72,055</u>	<u>(33,235)</u>	<u>(126,383)</u>	<u>(87,563)</u>
Income before transfers	82,393	(543,353)	154,533	(306,427)
Operating transfers in (out)	<u>(33,522)</u>	<u>32,975</u>	<u>(65,884)</u>	<u>(66,431)</u>
Changes in net position	48,871	(510,378)	88,649	(372,858)
Net position, beginning of year	<u>7,546,582</u>	<u>14,859,193</u>	<u>7,186,442</u>	<u>29,592,217</u>
Net position, end of year	<u>\$ 7,595,453</u>	<u>14,348,815</u>	<u>7,275,091</u>	<u>29,219,359</u>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

**Statement of Cash Flows - Proprietary Funds**

For the Year Ended June 30, 2014

(Except for Electric Enterprise which is as of December 31, 2013)

	Water Enterprise	Sewer Enterprise	Electric Enterprise	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 667,399	765,975	4,970,209	6,403,583
Cash paid to suppliers	(244,838)	(394,028)	(3,773,696)	(4,412,562)
Cash paid to employees and for benefits	(142,580)	(157,575)	(946,523)	(1,246,678)
Payment in lieu of taxes and transfers	(33,522)	32,975	(65,884)	(66,431)
<b>Net cash provided by operating activities</b>	<b>246,459</b>	<b>247,347</b>	<b>184,106</b>	<b>677,912</b>
<b>Cash flows from noncapital financing activities:</b>				
Interest expense, net of state subsidy	-	-	(93)	(93)
<b>Net cash provided by capital and related financing activities:</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>(93)</b>
<b>Cash flows from capital and related financing activities:</b>				
Capital expenditures	(203,511)	-	(444,698)	(648,209)
Intergovernmental/other revenue	134,566	-	-	134,566
Interest paid, net of subsidy	(62,196)	(31,869)	-	(94,065)
Net borrowing (repayments), net of subsidy	1,274,393	(243,880)	-	1,030,513
<b>Net cash provided by capital and related financing activities:</b>	<b>1,143,252</b>	<b>(275,749)</b>	<b>(444,698)</b>	<b>422,805</b>
<b>Cash flows from investing activities:</b>				
Proceeds from investments	-	-	688	688
Investment income	-	-	7,944	7,944
Rate stabilization reserve	-	-	96,858	96,858
<b>Net cash provided by capital and related financing activities:</b>	<b>-</b>	<b>-</b>	<b>105,490</b>	<b>105,490</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,389,711</b>	<b>(28,402)</b>	<b>(155,195)</b>	<b>1,206,114</b>
Cash and cash equivalents, beginning of year	94,343	43,926	1,137,873	1,276,142
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,484,054</b>	<b>15,524</b>	<b>982,678</b>	<b>2,482,256</b>
<b>Reconciliation of operating income to net cash provided</b>				
<b>By operating activities:</b>				
Operating income (loss)	\$ 10,338	(510,118)	280,916	(218,864)
Depreciation	305,777	534,591	275,175	1,115,543
Payment in lieu of taxes and transfers	(33,522)	32,975	(65,884)	(66,431)
Rate stabilization reserve	-	-	9,925	9,925
(Increase) decrease in accounts receivable	(88,617)	101,895	(167,596)	(154,318)
(Increase) decrease in materials and supplies	-	-	(38,612)	(38,612)
(Increase) decrease in prepayments	-	-	16,064	16,064
(Increase) decrease in purchased power working capital	-	-	(37,156)	(37,156)
Increase (decrease) in accounts payable and accrued expenses	23,945	59,466	(174,529)	(91,118)
Increase (decrease) in deferred credits	-	-	(5,394)	(5,394)
Increase (decrease) in other post-employment benefits	28,538	28,538	93,993	151,069
Other, net	-	-	(2,796)	(2,796)
<b>Net cash provided by operating activities</b>	<b>\$ 246,459</b>	<b>247,347</b>	<b>184,106</b>	<b>677,912</b>
<b>Supplemental disclosure of cash flow information:</b>				
The following accounts are considered to be cash or cash equivalents for the statement of cash flows:				
Operating cash	1,484,054	15,524	916,604	2,416,182
Customer deposits	-	-	66,074	66,074
<b>Total</b>	<b>1,484,054</b>	<b>15,524</b>	<b>982,678</b>	<b>2,482,256</b>

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

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Statement of Net Position  
Fiduciary Funds  
June 30, 2014

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>15,993</u>
Total assets	<u>15,993</u>
<u>Liabilities</u>	
Other liabilities	<u>15,993</u>
Total liabilities	<u>15,993</u>
<u>Net Position</u>	
Unrestricted	<u>-</u>
Total net position	\$ <u><u>-</u></u>

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

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Reporting Entity and Significant Accounting Policies**

*A. Introduction*

The Town of Ashburnham was incorporated as a town in 1765 under the statutes of the Commonwealth of Massachusetts. The Town operates with a selectmen-open Town meeting form of government and an elected three member Board of Selectmen. The Town provides general municipal services including public safety, education, public works, health, culture and recreation. Water, sewer and electric services are provided on an enterprise basis. The Town's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is the standard setting body for governmental accounting and financial reporting.

*B. Financial Reporting Entity*

GAAP require that the accompanying financial statements present the Town (primary government) and its component units. Component units are included in the Town's reporting entity if their operational and financial relationships with the Town are significant. In determining the financial reporting entity, the Town considered all potential component units and found that none exist.

*Joint Ventures:*

The Town is a participant in Ashburnham-Westminster Regional School District. The District was created to provide education to students from Ashburnham and Westminster in grades kindergarten through twelve and is governed by a School Committees composed of member Towns. The Town is indirectly liable for the District's debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town's assessment for fiscal 2014 was \$6,211,574, representing approximately 45.9% of the District's operating budget. A copy of the District's financial statement is available from the Superintendent, 11 Oakmont Drive, Ashburnham, MA 01430.

The Town is a participant in the Montachusett Regional Vocational School District. The District was created to provide vocational technical education to students in Ashburnham and other communities and is governed by a School Committees composed of member Towns. The Town is indirectly liable for the District's debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town's assessment for fiscal year 2014 was \$444,495, which represents approximately 5.1% of the School's operating budget. A copy of the District's financial statement is available from the Superintendent, 1050 Westminster Street, Fitchburg, MA 01420.

*C. Financial Statement Presentation*

The financial condition and results of operations of the Town's funds are presented as of and for the year ended June 30, 2014 (except for the Electric Enterprise Fund which is as of and for the year ended December 31, 2013). The accounting policies of the Town conform to GAAP.

*D. Government-wide and Fund Financial Statements*

The Town's basic financial statements include both government-wide and fund financial statements. The government-wide financial statements report information on all the non-fiduciary activities of the Town. For the most part, the effect of interfund activities has been removed from these statements.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

Note 1. Reporting Entity and Significant Accounting Policies (continued)

*D. Government-wide and Fund Financial Statements (continued)*

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely mostly on fees and charges for support.

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

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. GAAP requires that major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Town's general, school capital project, water, sewer and electric funds are reported as major funds. The Town reports the following fund financial statements:

Governmental Funds

General Fund - This fund is the Town's primary operating fund. This accounts for all financial resources of the general government, except those accounted for in another funds.

School Capital Project Fund - This fund is used to account for the school construction project.

Other Governmental Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Water Enterprise Fund - This fund is used to account for the Town's water operations.

Sewer Enterprise Fund - This fund is used to account for the Town's sewer operations.

Electric Enterprise Fund - This fund is used to account for the Town's electric operations.

Fiduciary Funds

Agency Funds - These funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities).

*E. Measurement Focus and Basis of Accounting*

The government-wide, propriety, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and propriety fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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. The Town considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes and interest associated with

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

Note 1. Reporting Entity and Significant Accounting Policies (continued)

*E. Measurement Focus and Basis of Accounting (continued)*

the current fiscal year are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

*F. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position*

*a. Deposits and Investments*

State 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 without collateralization by the financial institutions involved. The Town, with certain restrictions, can also purchase obligations of United States Government or its agencies, repurchase agreements, money market funds and units of the Massachusetts Municipal Depository Trust (MMDT), an investment pool established by the State Treasurer.

In addition, certain other governmental funds have other investment powers, most notably the ability to invest in common stocks, corporate bonds and other specified investments.

The Town pools cash to facilitate the management of cash. Each fund presents its pro rata share of the combined cash account as cash and cash equivalents in the accompanying basic financial statements. The Town has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent and deposits with the MMDT. Investments are reported at fair value.

*b. Property Taxes*

The Town is responsible for assessing and collecting property taxes in accordance with enabling state laws. Property taxes are determined, each year, on the full and fair cash value of taxable properties as of January 1st. The tax levy is divided into two billings and is payable on a semiannual basis. The first billing is an estimate of the current year's levy based on the prior year's taxes and is due on November 1st. The second billing reflects adjustments to the current year's actual levy and is due on May 1st. Taxes due and unpaid after the due dates are subject to interest and penalties. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivable in the fiscal year billed.

A statewide tax limitation statute known as "Proposition 2-1/2" limits the property tax levy to an amount equal to 2 1/2% of the value of all taxable property in the Town. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2-1/2 %, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2-1/2 taxing limitations can be overridden by a Town-wide referendum vote.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Reporting Entity and Significant Accounting Policies (continued)**

*F. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)*

*c. Inventories*

The costs of inventories are not material and the purchase method is used in all funds except for the electric enterprise fund. The electric enterprise fund uses the average cost method of recording inventory for materials and supplies.

*d. Capital Assets*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2002 consist of the roadways and curbing assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of three years. Such assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Land improvements	20 - 30	Vehicles and equipment	3 - 10
Buildings	40	Infrastructure	30 - 100
Building improvements	7 - 20		

The electric enterprise fund, as allowed under the general laws of Massachusetts, depreciates all plant at a fixed rate of 3%.

*e. Compensated Absences and Employee Benefits*

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and certain sick leave absences. In the government-wide and proprietary fund financial statements, this liability is recognized when the associated benefit has been earned. For sick leave benefits, a liability is recognized when the sick leave benefit (primarily sick leave buy back benefits) is fully vested.

*f. Deferred Outflows/Inflows of Resources*

In addition to assets and liabilities, the entity wide and governmental fund statements may present deferred outflow and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an outflow (expense/expenditure) at that time. Deferred inflows of resources represent acquisition of net position that applies to a future period and will be recognized as an inflow (revenue) at that time. In the entity wide statements, there were no items that required to be reported in these categories. In the government fund statements, the Town has recorded unavailable revenue as deferred inflows of resources since the related revenue is not available until a future period.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1. Reporting Entity and Significant Accounting Policies (continued)**

*F. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)*

*g. 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. Bond premiums and discounts are (if material) deferred and amortized over the life of the bonds. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance's are reported as other financing sources while discounts received on debt issuance's are reported as other financing uses. Issuance costs are reported as debt service expenditures.

*h. Fund Balances - Governmental Funds*

In the governmental fund financial statements, fund balance is divided into five categories - nonspendable, restricted, committed, assigned and unassigned. Presented below is a discussion of each GASB 54 fund balance classification.

**Nonspendable** - Amounts that cannot be spent because they are either not in spendable form or must be kept intact for legal or contractual reasons. This category is utilized mainly for permanent fund principal and also includes (if applicable) prepaid expenses, inventory and long term portion of loans receivable (unless the purpose is restricted, committed or assigned).

**Restricted** - Amounts constrained to specific purpose by external parties, enabling legislation and constitutional provision. Enabling legislation means the government is authorized to collect revenue and other parties (citizens, courts) can compel the government to spend the funds only on the authorized purpose.

**Committed** - Amounts constrained to specific purpose by the highest level of decision making authority (Town Meeting) and can be changed only by the same action.

**Assigned** - Amounts intended for a specific purpose by the Selectmen, Town Committee or Town management but do not meet the criteria to be classified as restricted or committed.

**Unassigned** - The residual classification of the Town's general fund only (and residual deficits in other governmental funds).

Committed fund balance is created from Town Meeting action and must be uncommitted by similar action. Unassigned fund balance in the general fund includes \$373,498 in stabilization fund balance and \$417,198 in capital improvement fund balance. Stabilization and capital improvement funds are obtained by Town Meeting authorization and are almost exclusively generated from transfers from the general fund budget. These funds are set aside for extraordinary or unforeseen purposes, must be approved by Town Meeting and can be utilized for any lawful purpose.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

Note 1. Reporting Entity and Significant Accounting Policies (continued)

*F. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (continued)*

*h. Fund Balances - Governmental Funds (continued)*

Assigned fund balance is created primarily from authorized actions of the Board of Selectmen or Town management. Assigned fund balance includes general fund encumbrances and article carry forwards of \$128,599 and accepted gifts and donations of \$203,292.

The Town's policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year via adjusting journal entries. Non-general funds may have negative unassigned fund balances when non-spendable amounts plus restricted, committed and assigned fund balances exceed the total positive fund balance in a fund. The negative unassigned fund balance in nonmajor governmental funds is due to timing issues related to capital projects interim vs. permanent borrowing.

The Town's fund balance policy sets a reserve goal at 10% of general fund operating expenditures. Reserves are defined as general fund unassigned fund balance plus general fund committed (stabilization) fund balance.

*i. Net position*

Net position appears in the Town's proprietary (enterprise) funds and the entity wide financial statements. Net position is the difference between: 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets less accumulated depreciation and outstanding debt (net of related debt subsidies from the state). Restricted net position consists of net position with constraints placed on the use either by grantors, creditors, contributors or laws and regulations of other governments or by constitutional provisions or enabling legislation.

*j. Use of Estimates*

In preparing the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Budgetary Information

Under the Town's by-laws, budget requests are prepared by Town departments and submitted to the Selectmen and Finance Committee for review. The Selectmen and the Finance Committee have until May, when the Town meeting is held, to make their recommendations regarding department requests. After approval of the budget at the annual Town meeting, the tax recapitulation sheet is prepared. During this process the property tax rate is determined and the recap sheet is sent to the Department of Revenue for approval. This process should generally be completed by November so the actual tax

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 2. Budgetary Information (continued)**

bills can be mailed by January 1, due and payable by the taxpayer on February 1.

The Town must establish its tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 1/2 and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures, state and county assessments, and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenues and transfers projected to be received by the Town, including available funds.

The final Town budget as presented in the Budgetary Comparison Schedule - General Fund was developed as follows:

Expenditures and transfers out	<u>\$13,868,664</u>
To be funded as follows:	
Budgeted revenue	\$13,334,409
Transfers from other funds	260,728
Allocation of surplus	<u>273,527</u>
Total funding (resources)	<u>\$13,868,664</u>

The Town's General Fund budget is prepared on a basis other than GAAP. The "actual" results column of the Budgetary Comparison Schedule - General Fund is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP bases are:

- a. Property tax revenues are recorded when the cash is received as opposed to when susceptible to accrual (GAAP);
- b. Encumbrances and continuing appropriations are recorded as expenditures (budgetary) as opposed to a reservation of fund balance (GAAP);
- c. On behalf payment for state teacher's retirement system and bond premiums are recognized for GAAP only; and
- d. Stabilization and capital improvement funds are not part of the general fund budget.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the general fund for the year ended June 30, 2014:

Net changes in fund balances – budgetary basis	\$103,117
Adjustments:	
Record Revenues on a Modified Accrual Basis	(\$16,320)
On Behalf Payments, Net (Gross of \$48,806)	-
Bond premiums not recognized for budgetary purposes	\$978,841
Stabilization Fund Interest and Transfers	\$178,607
Adjustment for Encumbrances and Continuing Articles	<u>\$99,201</u>
Net changes in fund balances - GAAP Basis	<u>\$1,343,446</u>

Within the adopted budget a sum is allocated to provide funding for extraordinary or unforeseen expenditures. The Finance Committee can authorize transfers from this reserve fund. Any other modifications to the budget would require action by Town Meeting.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 3. Deposits and Investments**

**Cash Deposits**

Custodial risk on cash deposits is the risk that in the event of a depository failure, the Town will not be able to recover the value of its deposits or collateral securities in the possession of the depository. The Town's attempts to limit custodial risk by placing funds in a variety of financial institutions and maximizing amounts insured or collateralized. At June 30, 2014, the Town's carrying amount of deposits was \$5,244,737 and the bank balance was \$5,279,982. Of the bank balances, \$4,770,579 was covered by Federal Deposit Insurance Corporation or other state insurance. The remaining amount of \$509,403 was neither insured nor collateralized. The difference between these amounts and the amounts in the financial statements is due solely to the presentation of the electric enterprise fund as of December 31, 2014. The electric enterprise fund cash and investments include amounts classified on the proprietary fund balance sheet as depreciation fund, customer deposits and stabilization fund.

**Investments**

At June 30, 2014, the Town's investment balances were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>
US government and agency securities	\$910,614
Other fixed income securities	1,192,304
Mutual funds	440,310
Pooled Investments: Money market funds	172,317
External Investment Pool: MMDT/MMWEC	<u>1,569,794</u>
Total investments	<u>\$4,285,339</u>

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counter party 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 an investment policy covering custodial credit risk.

*Interest rate risk* is the risk that changes in market interest rates that will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to changes in market interest rates. The Town does not have an investment policy covering interest rate risk. The US government and agency securities investments have the following maturities: \$65,547 less than one year and \$845,067 between three and five years. The other fixed income securities have maturities of \$280,611 less than one year, \$617,761 between one and two years, and \$175,958 between three and five years.

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 3. Deposits and Investments (continued)**

statistical rating organization. The US government and agency securities investments are rated AAa by Moody's Investor Services and AA+ by Standard and Poor's and are not considered to have credit risk. The other fixed income securities investments are rated B to A by Moody's Investor Services and BBB to AA by Standard and Poor's. MMDT, equities securities and money market funds are not rated as to credit risk. The Town does not have an investment policy which would limit its investment choices as to credit risk.

*Concentration of credit risk* – The Town does not have an investment policy which limits the amount that can be invested in any one issuer or security. Excluding US federal agency securities, and external investment pools, there are no securities or issuers which represent more than 5% of the total investments of the governmental funds or governmental activities.

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2014 (electric enterprise fund as of December 31, 2014) was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$3,423,578	-	-	3,423,578
Construction in progress	<u>12,301,326</u>	<u>2,143,920</u>	=	<u>14,445,246</u>
Total capital assets not being depreciated	<u>15,724,904</u>	<u>2,143,920</u>	=	<u>17,868,824</u>
Capital assets being depreciated:				
Buildings and improvements	15,201,995	25,700	127,990	15,099,705
Equipment	4,748,088	349,023	73,049	5,024,062
Infrastructure	<u>4,976,023</u>	<u>347,094</u>	=	<u>5,323,117</u>
Total capital assets being depreciated	<u>24,926,106</u>	<u>721,817</u>	<u>201,039</u>	<u>25,446,884</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,737,423)	(579,948)	(94,640)	(7,222,731)
Equipment	(3,928,542)	(198,658)	(65,037)	(4,062,163)
Infrastructure	<u>(1,981,725)</u>	<u>(218,739)</u>	=	<u>(2,200,464)</u>
Total accumulated depreciation	<u>(12,647,690)</u>	<u>(997,345)</u>	<u>(159,677)</u>	<u>(13,485,358)</u>
Capital assets being depreciated, net	<u>12,278,416</u>	<u>(275,528)</u>	<u>41,362</u>	<u>11,961,526</u>
Total governmental activities capital assets, net	<u>\$28,003,320</u>	<u>1,868,392</u>	<u>41,362</u>	<u>29,830,350</u>
<b>Depreciation expense was charged to functions as follows:</b>				
		<u>Governmental Activities</u>		
General government		\$170,360		
Public safety		476,729		
Public works		313,061		
Human services		10,289		
Recreation and culture		<u>26,906</u>		
Total governmental activities depreciation expense		<u>\$997,345</u>		

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 4. Capital Assets (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land and land improvements	\$317,063	-	-	317,063
Construction in progress	<u>2,595,110</u>	<u>143,378</u>	<u>2,652,231</u>	<u>86,257</u>
Total capital assets not being depreciated	<u>2,912,173</u>	<u>143,378</u>	<u>2,652,231</u>	<u>403,320</u>
<b>Capital assets being depreciated:</b>				
Electric distribution and generation plant	5,854,832	362,147	72,748	6,144,231
Electric general plant	3,317,560	107,359	-	3,424,919
Buildings and improvements	9,084,274	-	-	9,084,274
Equipment	418,350	26,920	-	445,270
Infrastructure	<u>28,614,402</u>	<u>2,702,318</u>	<u>42,288</u>	<u>31,274,432</u>
Total capital assets being depreciated	<u>47,289,418</u>	<u>3,198,744</u>	<u>115,036</u>	<u>50,373,126</u>
<b>Less accumulated depreciation for:</b>				
Electric distribution and generation plant	(3,033,160)	(175,648)	(72,748)	(3,136,060)
Electric general plant	(1,160,036)	(99,527)	-	(1,259,563)
Buildings and improvements	(3,965,617)	(236,401)	-	(4,202,018)
Equipment	(277,678)	(37,704)	-	(315,382)
Infrastructure	<u>(11,364,974)</u>	<u>(566,263)</u>	<u>-</u>	<u>(11,931,237)</u>
Total accumulated depreciation	<u>(19,801,465)</u>	<u>(1,115,543)</u>	<u>(72,748)</u>	<u>(20,844,260)</u>
Capital assets being depreciated, net	<u>27,487,953</u>	<u>2,083,201</u>	<u>42,288</u>	<u>29,528,866</u>
Total governmental activities capital assets, net	<u>\$30,400,126</u>	<u>2,226,579</u>	<u>2,694,519</u>	<u>29,932,186</u>

Business-type Activities

Depreciation expense was charged to functions as follows:

Water	\$ 305,777
Sewer	534,591
Electric	<u>275,175</u>
Total business-type activities depreciation expense	<u>\$1,115,543</u>

**Note 5. Short-term Debt**

Subject to state laws, the Town is authorized to issue general obligation debt on a temporary basis. The following classes of short-term loans can be issued:

Tax anticipation notes (TANs) - This debt is issued to provide funding for operations during lean periods in a fiscal cycle. They are repaid from subsequent collections of taxes or other revenues.

Bond anticipation notes (BANs) - This debt is issued to provide initial funding for capital projects. They are redeemed from the proceeds from the sale of the bonds.

Grant anticipation notes (GANs) - This debt is issued to provide funding for projects in anticipation of reimbursement from federal or state grants. They are repaid from subsequent distributions from the federal or state agency.

Short-term debt activity for the year ended June 30, 2014, was as follows:

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 5. Short-term Debt (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bond anticipation notes:				
School capital project	<u>\$12,487,000</u>	<u>1,083,414</u>	<u>12,487,000</u>	<u>1,083,414</u>
	<u>\$12,487,000</u>	<u>1,083,414</u>	<u>12,487,000</u>	<u>1,083,414</u>
Business-type activities:				
Bond anticipation notes:				
Water line project	\$-	<u>1,418,000</u>	=	=
	<u>\$-</u>	<u>1,418,000</u>	=	=

**Note 6. Long-term Obligations**

The following is a summary of the changes in the Town's long-term obligation for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Compensated absences	\$322,458	-	10,811	311,647	45,150
Due to other funds	-	345,300	-	345,300	85,900
Unamortized bond premium	-	978,841	-	978,841	133,729
Other post-employment benefits	-	534,441	-	534,441	-
Bonds payable	<u>6,863,606</u>	<u>13,708,000</u>	<u>500,873</u>	<u>20,070,733</u>	<u>1,193,873</u>
	<u>7,186,064</u>	<u>15,566,582</u>	<u>511,684</u>	<u>22,240,962</u>	<u>1,458,652</u>
Business-type activities:					
Other post-employment benefits	-	151,069	-	151,069	-
Bonds payable	<u>4,881,546</u>	=	<u>519,211</u>	<u>4,362,335</u>	<u>534,434</u>
	<u>\$4,881,546</u>	<u>151,069</u>	<u>519,211</u>	<u>4,513,404</u>	<u>534,434</u>

**Note 7. Bonds Payable**

The Town's indebtedness consists of general obligation serial notes issued for funding various special projects. All bond issues must be approved by Town meeting. The outstanding governmental activities bonds are presented below.

Project	Maturity Date	Interest Rate	Outstanding at July 1, 2014	Issued	Redeemed	Outstanding at June 30, 2014
Town Hall/Public Safety	07/01/26	3.5%-5.0%	\$6,605,000	-	475,000	6,130,000
School Construction	01/15/34	2.0%-5.0%	-	13,708,000	-	13,708,000
Title V	02/01/19	0%	68,422	-	9,901	58,521
Title V	08/01/22	0%	100,184	-	9,972	90,212
Title V	07/15/27	0%	<u>90,000</u>	=	<u>6,000</u>	<u>84,000</u>
Totals			<u>\$6,863,606</u>	<u>13,708,000</u>	<u>500,873</u>	<u>20,070,733</u>

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7. Bonds Payable (continued)**

The outstanding business-type activities bonds are presented below.

Project	Maturity Date	Interest Rate	Outstanding at July 1, 2014	Issued	Redeemed	Outstanding at June 30, 2014
Sewer	08/01/18	4.0%-5.125%	\$2,155,300	-	333,100	1,822,00
Water	08/01/19	4.1%-5.75%	1,146,246	-	148,922	997,324
Water	08/01/19	3.0%-5.25%	125,000	-	15,000	110,000
Water	08/30/50	2.75%	<u>1,455,000</u>	=	<u>22,189</u>	<u>1,432,811</u>
Totals			<u>\$4,881,546</u>	=	<u>519,211</u>	<u>4,362,335</u>

The annual debt service requirements of the Town's outstanding indebtedness at June 30, 2014 are as follows:

Fiscal Year	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total Principal	Total Interest
2015	\$1,193,873	839,469	534,434	164,798	1,728,307	1,004,267
2016	1,190,696	816,868	549,974	142,628	1,740,670	959,496
2017	1,190,696	757,584	570,831	115,272	1,761,527	872,856
2018	1,190,696	698,276	586,806	80,091	1,777,502	778,367
2019	1,185,696	641,344	607,411	61,012	1,793,107	702,356
2020 - 2024	5,880,076	2,388,398	338,452	178,034	6,218,528	2,566,432
2025 - 2029	4,829,000	1,144,813	157,980	153,030	4,986,980	1,297,843
2030 - 2034	3,410,000	408,600	180,930	130,080	3,590,930	538,680
2035 - 2039	-	-	207,214	103,796	207,214	103,796
2040 - 2044	-	-	237,317	73,693	237,317	73,693
2045 - 2049	-	-	271,792	39,218	271,792	39,218
2050 - 2051	=	=	<u>119,194</u>	<u>4,935</u>	<u>119,194</u>	<u>4,935</u>
Totals	<u>\$20,070,733</u>	<u>7,695,352</u>	<u>4,362,335</u>	<u>1,246,587</u>	<u>24,433,068</u>	<u>8,941,939</u>

Of the total business-type activities debt service requirements of \$5,608,922, the Town is scheduled to receive \$948,205 as reimbursement from the Commonwealth of Massachusetts Water Pollution Abatement Trust. The amount of this reimbursement that is related to debt principal (\$565,683) has been recorded as an intergovernmental receivable in the financial statements. The Town is also scheduled to receive \$38,580 from the Commonwealth as a subsidy on future interest payments on governmental activities 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 Oversight Board. Additionally, there are many categories of general obligation debt, which are exempt from the debt limit but are subject to other limitations. As of June 30, 2014, the Town may issue approximately \$9,435,255 of additional general obligation debt under the normal debt limit. The Town has \$4,595,068 of issued debt exempt from the debt limit. At June 30, 2014, the Town has \$6,618,263 of authorized and unissued debt for school and water projects.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7. Bonds Payable (continued)**

In addition to the Town's outstanding debt, the Town is assessed its share of debt from other governmental entities (known as overlapping debt). For the Ashburnham-Westminster Regional School District, the Town's share of the Regional School's \$6,975,000 debt at June 30, 2014 (based on current assessment percentages) is 30.6% or \$2,131,664. For the Montachusett Regional Vocational School District, the Town's share of the Regional School's \$6,296,000 debt at June 30, 2014 (based on current assessment percentages) is 4.22% or \$265,691.

**Note 8. Governmental Fund Balances**

The detailed breakdown of fund balances for the Town's governmental funds appears below.

	<u>General Fund</u>	<u>School Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	\$ -	-	352,019	352,019
Restricted:				
Bond premium	978,841	-	-	978,841
Title V septic	-	-	97,975	97,975
Permanent fund spendable	-	-	422,922	422,922
Other purposes - special revenue	-	-	196,580	196,580
Other purposes – capital projects	-	-	23,591	23,591
Assigned:				
Gifts and donations	-	-	233,305	233,305
General fund encumbrances	222,767	-	-	222,767
Unassigned:				
Stabilization fund	373,498	-	-	373,498
Capital improvements fund	417,198	-	-	417,198
General fund residual balance	<u>500,430</u>	=	=	<u>500,430</u>
<b>Total governmental fund balances</b>	<b><u>\$2,492,734</u></b>	<b>=</b>	<b><u>1,326,372</u></b>	<b><u>3,819,106</u></b>

**Note 9. Inter-fund Activity**

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. For the year ended June 30, 2014, the general fund transferred \$115,000 to the capital improvement fund and \$58,527 to the stabilization fund for future Town use (these appear only in the budgetary statement as the stabilization and capital improvement funds are now included in the general fund based on the requirements of GASB 54) and also transferred \$32,975 to the sewer fund to subsidize sewer operations. The general fund received \$64,865 from the electric enterprise fund and \$33,522 from the water enterprise fund to offset indirect costs and pay for shared special articles. The general fund also received \$2,500 from permanent funds and from special revenue funds received \$25,873 from the Title V fund, \$3,500 from the waterways fund, and \$32,169 from other funds to offset budget line items. The net transfer amount of \$1,981 in the financial statements is due solely to the presentation of the electric enterprise fund as of December 31, 2013.

The amounts presented as due and from other funds of \$345,300 represent amounts due from the general fund to the sewer fund for sewer betterments that are assessed and paid over a number of years.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

Note 10. Pension Plans

Town employees participate in two cost sharing, multiple employer defined benefit plans. The systems are funded by contributions from participants, employer contributions and/or state appropriations. These systems are the Worcester Regional Retirement System, which covers most non-teaching employees of the Town and the Massachusetts Teachers Retirement System, which covers most teaching employees.

Worcester Regional Retirement System:

**Eligibility and Vesting** - Employees of the Town who are employed on a basis which anticipates work at an annual rate to exceed 1040 hours are eligible to participate in the System. Employees are eligible immediately after the date of employment. For participants who were employed by the Town prior to January 1, 1978, benefits become vested after 20 or more years of creditable service or upon reaching the age of 55. Benefits relating to participants who were hired subsequent to December 31, 1977 become vested after 20 or more years of creditable service or after 10 or more years of creditable service and if they have reached the age of 55.

**Contributions** - Employees contribute 5% of regular compensation if employed prior to January 1, 1975; 7% if first employed from January 1, 1975 to December 31, 1983; 8% of the first \$30,000 and 10% thereafter if first employed on or after January 1, 1984; and 9% of the first \$30,000 and 11% thereafter if first employed on or after January 1, 1998. Employee contributions may be returned to the participants upon leaving Town employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

**Retirement Benefits** - The amount of normal monthly retirement benefit is equal to a percentage of the participant's average monthly compensation, determined based on age at retirement, the maximum being 2.5% at age 65, and based on the higher of the participant's (1) highest three consecutive years of compensation or (2) last three calendar years of employment preceding retirement whether or not such years are consecutive, multiplied by years of service, up to a maximum of 80% of the average monthly compensation as computed above. Any cost-of-living adjustments granted since 1981 and any increase in other benefits imposed by law after that year are borne by the Commonwealth of Massachusetts.

**Other** - Provisions exist in the plan for cost of living adjustments and disability benefits.

**Town Contributions Required and Made** - The Town is assessed annually for their share of system. The Town was assessed and paid \$425,842 in 2012 \$448,522 in 2013 and \$506,244 in 2014. These amounts represent approximately 1.3% of system wide employer assessments.

The System issues an annual public report that can be obtained by contacting the Massachusetts Public Employee Retirement Administration Commission (PERAC), One Ashburton Place, Boston, MA 02108. Summary plan information is presented as required supplementary information (RSI) following these notes to the financial statements.

**Town of Ashburnham, Massachusetts**  
Notes to the Financial Statements  
June 30, 2014

Note 10. Pension Plans (continued)

Massachusetts Teachers Retirement System

Eligibility and Vesting - Teaching employees of the Town who are employed on a basis which anticipates work at an annual rate to exceed 1000 hours are required to participate in the System. For participants who were employed by the Town prior to January 1, 1978, benefits become vested after 20 or more years of creditable service or upon reaching the age of 55. Benefits relating to participants who were hired subsequent to December 31, 1977 become vested after 20 or more years of creditable service or after 10 or more years of creditable service and if they have reached the age of 55.

Contributions - Employees contribute 5% of regular compensation if employed prior to January 1, 1975; 7% if first employed from January 1, 1975 to December 31, 1983; and 8% if first employed on or after January 1, 1984. Employee contributions may be returned to the participants upon leaving Town employment prior to retirement, within certain age and length of employment restrictions, as prescribed by the Massachusetts General Laws.

Other - Provisions exist in the plan for cost of living adjustments and disability benefits.

Town Contributions Required and Made - The Town is not required to contribute to this plan. State appropriations are made annually to fund system costs. For the fiscal year ended June 30, 2014, the state's contribution to this plan on behalf of the Town was \$40,469. This on-behalf payment has been recorded as intergovernmental revenue and employee benefit expenditure in the general fund.

Trend Information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. A copy of this report is available from the system.

Note 11. Other Post-Employment Benefits (OPEB)

The Town implemented GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, for the 2014 financial statements. As allowed by GASB 45, the Town established the net OPEB obligation at zero for the beginning of fiscal year 2014 and has applied the measurement and recognition requirements of GASB 45 on a prospective basis for 2014. This was a new benefit adopted by the Town for 2014.

Plan Description - The Town provides health and life insurance coverage for its retirees and their survivors as a single-employer defined benefit Other Post-Employment Benefits Plan (the Plan). The plan was established in accordance with Massachusetts General Law Chapter 32B, to employees who retire in accordance with various predetermined years of service and under various age requirements. Changes to plan design and contribution rates must be negotiated through the collective bargaining process.

As of July 1, 2013 (the most recent valuation date), the number of Plan participants is as follows:

Active employees	54
Retirees and beneficiaries	<u>0</u>
Total	<u>54</u>

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 11. Other Post-Employment Benefits (OPEB) (continued)**

Funding Policy - Contribution requirements are negotiated as part of the collective bargaining process. As of July 1, 2013, the most recent valuation date, members receiving these benefits are required to contribute 50% of the cost of the plans. The cost of administering the plan is paid for by the Town.

Annual OPEB Cost and Net OPEB Obligation - The Town's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with GASB 45 parameters. 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 over a period not to exceed thirty years. The components of the Town's annual OPEB cost for the year, the actual contribution to the plan and changes to the Town's net OPEB obligation is presented in the following table. [Note that the difference between the end of year amount and the amount in the financial statements is due to the presentation of the electric enterprise fund as of December 31, 2013.]

Normal cost	\$371,339
Interest	27,825
Amortization of unfunded actuarial accrued liability	<u>324,291</u>
Annual required contribution	723,455
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Amortization of actuarial gains/losses	<u>0</u>
Annual OPEB cost	723,455
Employer contributions	<u>(14,150)</u>
Increase (decrease) in net OPEB obligation	709,305
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u>\$709,305</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2014	\$723,455	2%	\$709,305

Funding Status and Funding Progress - The funded status of the plan at July 1, 2013, the most recent actuarial valuation, was as follows:



**Town of Ashburnham, Massachusetts**  
Notes to the Financial Statements  
June 30, 2014

Note 12. Commitments - MMWEC (continued)

a Reserve and Contingency Fund. In addition, should a Project Participant fail to make payment when due, other Projects Participants may be required to increase (step-up) their payments and correspondingly their Participants' share of Project Capability to an additional amount not to exceed 25% of their original Participants' share of Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable from, and secured solely by, the revenues derived from the Project to which such issue relates plus available funds pledged under the Amended and Restated General Bond Resolution with respect to the bonds of that project. The MMWEC revenues derived from each Project is used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, owned and operated by subsidiaries of FPL Energy Wyman IV, LLC, an indirect subsidiary of NextEra Energy Resources, LLC (formerly FPL Energy, LLC), and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit operated by Dominion Nuclear Connecticut, Inc. (DNCI) the majority owner and indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates Millstone Unit 2 nuclear unit. The operating license for Unit 3 extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook Resources, LLC (formerly FPL Energy Seabrook, LLC), the majority owner and indirect subsidiary of Next Era Energy Resources, LLC (formerly FPL Energy, LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has stated its intention to request an extension of the Seabrook Station operating license for an additional twenty years.

Pursuant to the PSAs the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. The Project Participants are also liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the Act has been renewed several times. In July, 2005, as part of the Energy Policy Act of 2005, Congress extended the Price-Anderson Act through the end of 2025.

The Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC is involved in various legal actions, the outcome of which, in the opinion of MMWEC management, will not have a material effect on the financial position of MMWEC.

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 12. Commitments - MMWEC (continued)**

As of December 31, 2013, total capital expenditures for MMWEC's projects amounted to \$1,607,269,000, of which \$9,979,000 represents the amount associated with the Department's Project Capability of the projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply System Revenue Bonds \$225,280,000, of which \$1,316,000 is associated with the Department's share of Project Capability of the projects in which it participates, although such amount is not allocated to the Department. As of December 31, 2013, MMWEC's total future debt service requirement on outstanding bonds issued for Projects is \$218,518,000, of which \$1,276,000 is anticipated to be billed to the Department in future years.

The estimated aggregate amount of the Department's required payments under the PSAs and PPAs, exclusive of Reserve and Contingency Fund billings, to MMWEC at December 31, 2013 and estimated for future years is shown below.

For years ended December 31,	2014	\$ 385,000
	2015	\$ 358,000
	2016	\$ 320,000
	2017	\$ 153,000
	2018	\$ 35,000
	2019	<u>\$ 25,000</u>
	Total	<u>\$ 1,276,000</u>

In addition, the Department is required to pay its share of the Operation and Maintenance (O&M) costs of the Projects in which they participate. The Department's total O&M costs including debt service under the PSAs were \$1,036,000 and \$1,031,000 for the years ended December 31, 2013 and 2012, respectively.

**Note 13. Commitments – Berkshire Wind**

This footnote relates to the electric light enterprise fund and is as of December 31, 2013.

The Department is a Member of the Berkshire Wind Cooperative (Cooperative). The Cooperative is organized under Chapters 157 and 164: Section 47C of the Massachusetts Statutes and constitutes a municipal lighting plant cooperative. The Cooperative was formed by Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Members) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility).

The Cooperative has constructed and installed 10 1.5-megawatt wind turbines at the Berkshire Wind Facility. The cooperative provides energy pursuant to the Berkshire Wind Power Purchase Agreement dated May 21, 2008 between MMWEC and the Cooperative. Under this agreement, MMWEC entered into a Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility to be owned, constructed and operated by the Cooperative at the Berkshire Wind Facility.

MMWEC sells all of the capability of the Berkshire Wind Facility (Capability) to the Members of the

**Town of Ashburnham, Massachusetts**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 13. Commitments – Berkshire Wind**

Cooperative (Members) under Power Purchase Agreements (PPAs). Among other things, the PPAs require each Cooperative Member to pay its *pro rata* share of the costs related to the Berkshire Wind Facility, which costs include debt service on the bonds issued by the Cooperative to finance the Berkshire Wind Facility, plus 10% of the debt service to be paid into a Reserve and Contingency Fund. In addition, should a Cooperative Member fail to make any payment when due, other Cooperative Members may be required to increase (step-up) their payments and correspondingly their share of the Capability to an additional amount.

The Cooperative has issued revenue bonds, which are payable solely from, and secured solely by, the revenues derived from the Berkshire Wind Facility. The revenues are used solely to provide for the payment of any bond issue relating to the Berkshire Wind Facility and to pay the Cooperative's cost of owning and operating the Berkshire Wind Facility.

The Ashburnham Municipal Light Department has entered into a PPA with the Berkshire Wind Cooperative Corporation. Under both the PPA, the Department is required to make certain payments to the Cooperative. Under the PPA, each Participant is unconditionally obligated to make all payments due to the Berkshire Wind Cooperative Corporation, whether or not the Berkshire Wind Facility is completed or operating, and notwithstanding the suspension or interruption of the output of the Berkshire Wind Facility. In addition, under the PPA, the Department is required to pay to the Cooperative its share of the Operation and Maintenance (O&M) costs of the Berkshire Wind Facility.

As of December 31, 2013, total capital expenditures for the Berkshire Wind Facility amounted to \$58,990,077, of which \$2,698,000, represents the amount associated with the Department's share of the Capability of the Berkshire Wind Facility of which it is Member, although such amount is not allocated to the Department. The Cooperative's debt outstanding for the Berkshire Wind Facility includes bonds totaling \$60,210,000, of which \$2,753,000 is associated with the Department's share of Capability of the Berkshire Wind Facility of which it is Member, although such amount is not allocated to the Department.

As of December 31, 2013, the Cooperative's total future debt service requirement on outstanding bonds issued for the Projects is \$91,789,000, of which \$4,198,000 is anticipated to be billed to the Department in the future. The estimated aggregate amount of the Ashburnham Municipal Light Department required payments under the PSA, exclusive of the Reserve and Contingency Fund billings, to the Cooperative at December 31, 2013 and estimated for future years is shown below.

For years ended December 31,	2014	\$ 247,000
	2015	\$ 247,000
	2016	\$ 247,000
	2017	\$ 247,000
	2018	\$ 247,000
	2019 to 2023	\$ 1,234,000
	2024 to 2028	\$ 1,235,000
	2029 to 2030	<u>\$ 494,000</u>
	TOTAL	<u>\$ 4,198,000</u>

**Town of Ashburnham, Massachusetts**  
Notes to the Financial Statements  
June 30, 2014

**Note 14. Risk Management**

Lawsuits may be pending or threatened against the Town, which arise from the ordinary course of operations, including actions commenced and claims asserted against it for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Town estimates that potential claims against the Town, not covered by insurance, resulting from such litigation, would not materially affect the financial statements.

The Town receives some financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and may be subject to audit. Any disallowed expenditures resulting from such audits become a liability of the Town, although the Town expects that these amounts, if any, would be immaterial to the financial statements.

To pool risk for general and officers' liability, the Electric Light Department participates (along with 17 other Light Departments) in the Massachusetts Municipal Self Insurance Trust (the Trust). By participating in the Trust, the Department is insured for \$500,000 per incident (including a \$50,000 deductible). Participating Light Departments contribute to the Trust based on the pro rata share of total Department kilowatt hour sales. Payments for claims under the deductible limit are paid by the Trust through Trust assets and (if needed) additional participant contributions. At December 31, 2013, the Department does not believe its share of any outstanding claims (if any) would be material to the financial statements.

**Note 15. Implementation of new GASB Statements**

During fiscal year 2014, the Town implemented the following GASB pronouncements:

- GASB Statement #66 – *Technical Correction -2012 – An Amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2014. This statement did not have a significant impact on the Town's financial statements.
- GASB Statement #67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014. This statement did not have a significant impact on the Town's financial statements.
- GASB Statement #70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2014. This statement did not have a significant impact on the Town's financial statements.

In future fiscal years, the Town will implement the following GASB pronouncements:

- GASB Statement #68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. The Town is currently evaluating the possible impact of this will have on its financial statements.
- GASB Statement #69 – *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. This statement will have no impact on the Town's financial statements.
- GASB Statement #71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. The Town is currently evaluating the possible impact of this will have on its financial statements.

**Town of Ashburnham, Massachusetts**  
**Required Supplementary Information**  
**Fiscal Year Ended June 30, 2014**

**Schedule of Funding Progress**

**Pension System – Worcester Regional Retirement System (All Members)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as % Of Covered Payroll</u> ((b-a)/c)
1/1/12	\$ 436,671,982	\$ 982,796,782	\$ 546,124,800	44.4%	\$ 238,982,079	228.5%
1/1/10	413,976,785	863,002,067	449,025,282	48.0%	241,992,607	185.5%
1/1/07	389,758,785	692,768,325	303,009,540	56.3%	211,518,755	143.2%

**Schedule of Employer Contributions**

**Pension System – Worcester Regional Retirement System**

<u>Year Ended June 30,</u>	<u>Worcester Regional Retirement System</u>			<u>Town of Ashburnham</u>	
	<u>Annual Required Contributions</u>	<u>Actual Contributions</u> (a)	<u>Percentage Contributed</u>	<u>Actual Contributions</u> (b)	<u>Town's Percentage of System Wide Actual Contributions</u> (b/a)
2014	\$ 37,510,266	\$ 37,510,266	100%	\$ 506,244	1.3%
2013	35,056,320	35,056,320	100%	448,522	1.3%
2012	33,072,000	33,072,000	100%	425,842	1.3%

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 499,275	23,591	45,344	568,210
Investments	16,206	-	752,457	768,663
Receivables:				
Departmental	148,698	-	-	148,698
Due from other governments	52,042	-	-	52,042
	<u>716,221</u>	<u>23,591</u>	<u>797,801</u>	<u>1,537,613</u>
Total assets				
<u>Deferred Outflows of Resources</u>				
Property taxes billed in advance	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>716,221</u>	<u>23,591</u>	<u>797,801</u>	<u>1,537,613</u>
<u>Liabilities</u>				
Warrants and accounts payable	\$ 59,202	-	22,860	82,062
	<u>59,202</u>	<u>-</u>	<u>22,860</u>	<u>82,062</u>
Total liabilities				
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	129,179	-	-	129,179
	<u>129,179</u>	<u>-</u>	<u>-</u>	<u>129,179</u>
<u>Fund balances</u>				
Nonspendable	-	-	352,019	352,019
Restricted	294,535	23,591	422,922	741,048
Committed	-	-	-	-
Assigned	233,305	-	-	233,305
Unassigned	-	-	-	-
	<u>527,840</u>	<u>23,591</u>	<u>774,941</u>	<u>1,326,372</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	\$ <u>716,221</u>	<u>23,591</u>	<u>797,801</u>	<u>1,537,613</u>

**TOWN OF ASHBURNHAM, MASSACHUSETTS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals</u>
Revenues:				
Departmental charges for services	\$ 164,910	-	2,320	167,230
Intergovernmental	605,298	-	-	605,298
Investment income	1,093	-	41,580	42,673
Other	147,591	-	36,895	184,486
	<u>918,892</u>	<u>-</u>	<u>80,795</u>	<u>999,687</u>
Total revenues				
Expenditures:				
Current:				
General government	117,306	-	2,973	120,279
Public safety	189,056	-	-	189,056
Public works	347,094	9,660	28,148	384,902
Human services	96,465	-	-	96,465
Recreation and culture	18,547	-	7,969	26,516
Debt service	25,000	-	-	25,000
	<u>793,468</u>	<u>9,660</u>	<u>39,090</u>	<u>842,218</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	125,424	(9,660)	41,705	157,469
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(61,542)	-	(2,500)	(64,042)
	<u>63,882</u>	<u>(9,660)</u>	<u>39,205</u>	<u>93,427</u>
Net changes in fund balances				
Fund balance, beginning of year	463,958	33,251	735,736	1,232,945
Fund balance, end of year	\$ <u>527,840</u>	<u>23,591</u>	<u>774,941</u>	<u>1,326,372</u>