

**TOWN OF NORTHBRIDGE
BOARD OF SELECTMEN'S MEETING
NORTHBRIDGE TOWN HALL
7 MAIN STREET - WHITINSVILLE, MA 01588
June 6, 2016 AT 6:30 PM**

EXECUTIVE SESSION: 6:30 PM

PLEDGE OF ALLEGIANCE

Budget Update / Present: Representative David Muradian

I. APPROVAL OF MINUTES

II. PUBLIC HEARING

III. APPOINTMENTS/By the Town Manager [Vote to affirm]

A. David Pickart, Shared Conservation Agent with the Town of Upton / Present: William Dausey, Chairman, Conservation Commission

**IV. CITIZENS' COMMENTS/INPUT: 1) Local Business Spotlight: Major League Barber Shop located at 670 Linwood Avenue / Present: Mike Arriaga, Owner
2) Scott Ricker / Complaint**

V. DECISIONS

B. Bylaw Review Committee [1 vacancy] / Board of Selectmen's Designee / Vote to appoint

C. The Pasture Development Group, LLC (Carpenter Estates) / Present: Brian Massey, Chairman, Northbridge Planning Board / Vote to accept a one-time monetary donation of \$5,000 to be utilized at the discretion of the Director of Public Works towards improvements to town recreational facilities

D. Donna Picard d/b/a Maison de Manger [Donna Picard, Mgr.] 670 Linwood Avenue, Suite 13A, Whitinsville, MA 01588 / Application for an Entertainment License

VI. DISCUSSIONS

E. Audit Review/Present: Tim Harrison, Auditor – Borgatti Harrison

F. Mumford Riverwalk Grant Application / Vote to support the application for grant funds to improve the Mumford Riverwalk along a portion of Linwood Ave.

G. Community Compact / Vote to authorize the Town Manager Kozak to sign

VII. TOWN MANAGER'S REPORT

H. 1) Memorial Day Activities

2) Blackstone Valley National Park / Blackstone Heritage Corridor, Inc.

3) Blackstone Valley Chamber of Commerce Business Breakfast

4) Summer Road Projects

5) FY' 17 Town Manager Goals and Objectives

VIII. SELECTMEN'S CONCERNS

IX. ITEMS FOR FUTURE AGENDA

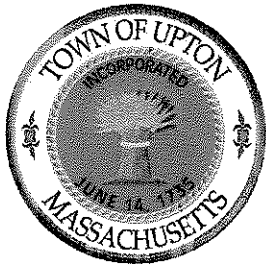
X. CORRESPONDENCE

XI. EXECUTIVE SESSION: 6:30 PM

Under M.G.L Chapter 30A, S. 21 #6 - To consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body

Town Clerk: 2 Hard copies	<input type="checkbox"/>
Town Clerk: E-mail hard copy	<input type="checkbox"/>
Web: Post time-stamped copy	<input type="checkbox"/>

THIS AGENDA IS SUBJECT TO CHANGE



TOWN OF UPTON, MASSACHUSETTS
BOARD OF SELECTMEN

BOS MTG 6.6.16

A

June 1, 2016

MEMO TO: Board of Selectmen
FROM: Blythe C. Robinson
Town Manager
RE: Conservation Agent Appointment Recommendation

As you know, Conservation Agent position was advertised to be filled earlier this year after the departure of the Ashland agent that we had contracted for at 10 hours/week. Ashland notified us that their workload had increased and they were no longer in a position to continue providing us with an Agent. We reached out to our neighbors and identified an opportunity with the Town of Northbridge to share an agent for a total of 19 hours per week, 11 to be utilized by Upton, and the balance by Northbridge. We utilized the State's website for Conservation, and two different newspapers to get the word out, receiving 9 applications, of which six were qualified by the Personnel Board. As a result of the joint interview process between Upton and Northbridge, a background check, references and other pre-employment requirements I recommend that Mr. David Pickart be hired to fill this position.

The interview panel (three Upton Conservation Commission Members, Northbridge Conservation Commission Chairman Bill Dausey and Debbie Amorelli, Personnel Board Chairman) invited five of the candidates for an interview to determine their knowledge and technical skills needed for the job. Four candidates accepted the interview and the Committee unanimously recommended that Mr. Pickart's candidacy be further considered.

Both Chris Scott and Mr. Dausey performed reference checks after the offer was made to Mr. Pickart. The comments received back from various sources describe Mr. Pickart as "easy to work with", "incredibly knowledgeable" and able to convey that knowledge to others with a great deal of patience. They confirmed that Mr. Pickart is "very, very good with laws and regulations" and has been able to develop a strong positive relationship with DEP, and the respect that he has earned with that agency. The panel was impressed by his experience in developing management plans for conservation land, and his knowledge and experience with wetlands, and his very professional manner. They noted that it is important for someone in this position to be able to explain wetlands regulations clearly and gently to homeowners. Of

BOARD OF SELECTMEN
James A. Brochu, Chairman
Robert J. Fleming
Gary Daugherty

TOWN MANAGER
Blythe C. Robinson
One Main Street • Suite 1 • Upton, MA 01568
T: 508.529.6901 • F: 508.529.1010

importance to Northbridge is his ability to be a good teaching resource for their commissioners and others involved with the Conservation Commission, as this will be the Town's first agent.

Jessica's education includes a Master's degree in environmental geology and many years of experience in wetlands, engineering and environmental applications. Currently he is running his own company and has the flexibility to serve our two communities along with his other work load.

Based upon this information I have made a conditional offer of employment to Mr. Pickart which he has accepted, and he is in the process of taking his pre-employment physical and drug test. As long as those results are satisfactory I ask that you affirm my decision to offer him this position, and waive the 15 day waiting period. He intends to start work on Monday, June 13, 2016. Enclosed with this memo is a copy of his application for employment. I would be happy to discuss this further with you at our next meeting and answer any questions you may have about this appointment.

Cc: Upton Conservation Commission
Northbridge Conservation Commission

Enclosures

C

MOTION TO ACCEPT THE ONE-TIME MONETARY DONATION OF \$5,000.00 FROM THE PASTURE DEVELOPMENT GROUP, LLC (CARPENTER ESTATES SUBDIVISION); FUNDS TO BE USED AT THE DISCRETION OF THE DIRECTOR OF PUBLIC WORKS TOWARDS FIELD EXPANSION/IMPROVEMENTS AND SEEDING AT RIVERDALE AND BALMER RECREATIONAL FACILITIES AND/OR THE PURCHASE/INSTALLATION OF PLAYGROUND EQUIPMENT AT ROCKDALE



TOWN OF NORTHBRIDGE, MASSACHUSETTS

COMMUNITY PLANNING & DEVELOPMENT

R. Gary Bechtholdt II, Town Planner

7 Main Street Whitinsville, MA 01588

Phone: (508) 234.2447 Fax: (508) 234.0814

gbechtholdt@northbridgemass.org

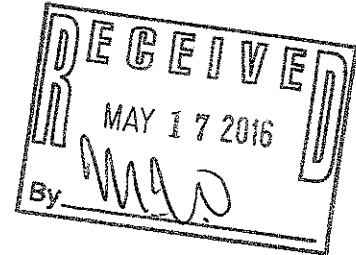
MEMORANDUM

Date: May 17, 2016

To: THOMAS J. MELIA, CHAIRMAN BOARD OF SELECTMEN
Theodore D. Kozak, Town Manager

From: R. Gary Bechtholdt II, Town Planner

RE: **MONETARY DONATION (GIFT)**
(\$5,000.00) -Carpenter Estates



In accordance with the Carpenter Estates Certificate of Approval dated May 01, 2007 (Condition A30), the Applicant (Developer) shall provide the town with a monetary contribution of \$5,000.00 towards improvements to town recreational facilities. The town, at the discretion of the Director of Public Works, shall utilize such funds for improvements such as, but not limited to, expansion/improvements to existing ball fields, parking area and compliance with ADA standards.

In preparation for acceptance of such funds the Playground & Recreation Committee provided the Director of Public Works with a listing of priority items. Provided below is a (DRAFT) motion for your consideration:

MOTION TO ACCEPT THE ONE-TIME MONETARY DONATION OF \$5,000.00 FROM THE PASTURE DEVELOPMENT GROUP, LLC (CARPENTER ESTATES SUBDIVISION); FUNDS TO BE USED AT THE DISCRETION OF THE DIRECTOR OF PUBLIC WORKS TOWARDS FIELD EXPANSION/IMPROVEMENTS AND SEEDING AT RIVERDALE AND BALMER RECREATIONAL FACILITIES AND/OR THE PURCHASE/INSTALLATION OF PLAYGROUND EQUIPMENT AT ROCKDALE.

In talking with the Town Accountant, these types of funds (donation) shall be designated for a specific use. It is my understanding upon acceptance of the monetary donation (gift) an account will be established to be utilized as set forth above.

Cc: Planning Board
Pasture Development Group, LLC
DPW -Director of Public Works
Playground & Recreation Committee
Town Accountant
/File

Melissa Wetherbee

From: Gary Bechtholdt <gbechtholdt@northbridgemass.org>
Sent: Monday, May 16, 2016 1:38 PM
To: tkozak@northbridgemass.org
Cc: Brian J. Massey; James Shuris; ssusienka@northbridgemass.org; Melissa Wetherbee
Subject: Monetary donation -acceptance of gift

Importance: High

Ted:

The Planning office is in receipt of a check in the amount of \$5,000.00 made payable to the Town of Northbridge.

Such funds are provided by the Developer of the Carpenter Estates subdivision as a one-time monetary donation to the town for the purpose and improvements to town recreational facilities.

The funds shall be utilized under the discretion of the Director of Public Works towards improvements such as, but not limited to expansion/improvements to existing ball fields, parking areas and compliance with ADA standards. The DPW Director has been in contact with the Chairman of the Playground & Recreation Committee to help identify how this one-time donation may be spent.

It is my understanding that the BOS may need to formally accept this one-time donation, if so -please make arrangements for their **May 23rd meeting**.

Decision –Acceptance of Gift, The Pasture Development Group, LLC (Carpenter Estates)

Please note -I will be unable to attend this meeting, if you require additional information please let me know.

At your request I can communicate same with Town Counsel to review necessary proceedings.

Thanks,

-Gary

R. Gary Bechtholdt II
Northbridge Town Planner

COMMUNITY PLANNING & DEVELOPMENT

Town of Northbridge
7 Main Street
Whitinsville, MA 01588
(508)234-2447



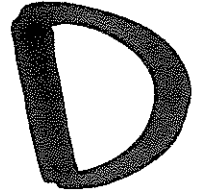
Virus-free. www.avast.com

Phone: 508-579-3997

THE COMMONWEALTH OF MASSACHUSETTS

TOWN OF NORTHBRIDGE

APPLICATION FOR ENTERTAINMENT LICENSE



TO THE LICENSING AUTHORITIES:

The undersigned hereby applies for a License in accordance with the provisions of the Statutes relating thereto

(FULL NAME OF PERSON, FIRM OR CORPORATION MAKING APPLICATION):

Donna E. Picard DBA Maison de Manger

STATE CLEARLY PURPOSE FOR WHICH LICENSE IS REQUESTED: ENTERTAINMENT LICENSE*

TO: Obtain an Entertainment License for: Live music in restaurant (e.g. guitarist/vocalist, strings quartet, etc.)

XX INDOOR OUTDOOR BOTH

GIVE LOCATION BY STREET AND NUMBER:

AT: 670 Linwood Avenue, Suite 13A

in said Town of Northbridge in accordance with the rules and regulations made under authority of said Statutes.

Please check the days of operation and list the hours of entertainment

☐ Sunday**:

☐ Monday:

☐ Tuesday:

☐ Wednesday:

☐ Thursday:

☐ Friday:

☒ Saturday: 11:00 am - 5:00 pm

Print Name: Donna E. Picard DBA Maison de Manger

Address: 670 Linwood Avenue, Suite 13A

City: Whitinsville

State, Zip: MA 01588

Official Use:	
Received: <u>5.25.16</u>	<u>2:18</u>
(Date)	(Time)
_____ Date License Granted	

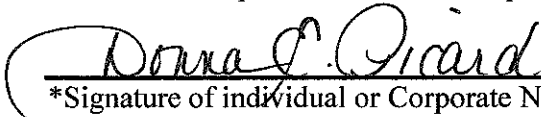
Donna E. Picard
(Signature of Applicant)

*The application for such license shall be in writing and shall state the type of concert, dance, exhibition, cabaret or public show sought to be licensed and shall state whether such public show will include: (a) dancing by patrons, (b) dancing by entertainers or performers, (c) recorded or live music, (d) the use of an amplification system, (e) a theatrical exhibition, play, or moving picture show, (f) a floor show of any description, (g) a light show of any description, or (h) any other dynamic audio or visual show, whether live or recorded.

****Please note a separate application is needed for Sunday Entertainment**

**MASSACHUSETTS DEPARTMENT OF REVENUE
REVENUE ENFORCEMENT AND PROTECTION (REAP) ATTESTATION**

I hereby declare under the penalties of perjury that I, to the best of my knowledge and belief, have filed all state tax returns and paid all state taxes required under law.



*Signature of individual or Corporate Names (Mandatory)

By: Corporate Officer (Mandatory, if applicable)

04-3500909

** Social Security Number or Federal Identification Number

* This license will not be issued unless this certification clause is signed by the applicant.

**Your Social Security Number will be furnished to the Massachusetts Department of Revenue to determine whether you have met tax filing or tax payment obligations. Licensees who fail to correct their non-filing or delinquency will be subject to license suspension or revocation.

This request is made under the authority of M.G.L. Chapter 62C, Section 49A.

Please sign form and return to:

**Town of Northbridge
Town Manager's Office
7 Main Street
Whitinsville, MA 01588**



The Commonwealth of Massachusetts
Department of Industrial Accidents
Office of Investigations
600 Washington Street
Boston, MA 02111
www.mass.gov/dia

FORM MUST BE FILLED
OUT COMPLETELY

Workers' Compensation Insurance Affidavit: General Businesses

Applicant Information

Please Print Legibly

Business/Organization Name: Donna E. Picard DBA Maison de Manger

Address: 670 Linwood Avenue, Suite 13A

City/State/Zip: Whitinsville, MA 01588

Phone #: 508 372-9797

Are you an employer? Check the appropriate box:

1. ☒ I am an employer with 10 employees (full and/or part-time).*
2. ☐ I am a sole proprietor or partnership and have no employees working for me in any capacity.
[No workers' comp. insurance required]
3. ☐ We are a corporation and its officers have exercised their right of exemption per c. 152, §1(4), and we have no employees. [No workers' comp. insurance required]**
4. ☐ We are a non-profit organization, staffed by volunteers, with no employees. [No workers' comp. insurance req.]

Business Type (required):

5. ☒ Retail
6. ☒ Restaurant/Bar/Eating Establishment
7. ☐ Office and/or Sales (incl. real estate, auto, etc.)
8. ☐ Non-profit
9. ☐ Entertainment
10. ☐ Manufacturing
11. ☐ Health Care
12. ☐ Other _____

*Any applicant that checks box #1 must also fill out the section below showing their workers' compensation policy information.

**If the corporate officers have exempted themselves, but the corporation has other employees, a workers' compensation policy is required and such an organization should check box #1.

I am an employer that is providing workers' compensation insurance for my employees. Below is the policy information.

Insurance Company Name: American Zurich Insurance Co.

Insurer's Address: 1400 American Lane, Tower 2, Floor 5

City/State/Zip: Schaumburg, IL 60196

Policy # or Self-ins. Lic. # 6ZZUB-0G31529-7-15

Expiration Date: 9/23/2016

Attach a copy of the workers' compensation policy declaration page (showing the policy number and expiration date).

Failure to secure coverage as required under Section 25A of MGL c. 152 can lead to the imposition of criminal penalties of a fine up to \$1,500.00 and/or one-year imprisonment, as well as civil penalties in the form of a STOP WORK ORDER and a fine of up to \$250.00 a day against the violator. Be advised that a copy of this statement may be forwarded to the Office of Investigations of the DIA for insurance coverage verification.

I do hereby certify, under the pains and penalties of perjury that the information provided above is true and correct.

Signature: Donna E. Picard

Date: May 25, 2016

Phone #: 508 372-9797

Official use only. Do not write in this area, to be completed by city or town official.

City or Town: Northbridge

Permit/License # _____

Issuing Authority (circle one):

1. Board of Health 2. Building Department 3. City/Town Clerk 4. Licensing Board 5. Selectmen's Office
6. Other _____

Contact Person: _____

Phone #: 508-234-2095

BOARD OF SELECTMEN
License Routing Slip

Note: This is for an
entertainment license for
Saturdays from 11 AM - 5
pm

Business: Donna Picard d/b/a Masion de Manger

Applicant: Donna Picard

Addres: 670 Linwood Avenue, Suite 13A

License Type : Entertainment License

<u>Department:</u>	<u>Comments:</u>	<u>Initials:</u>
Planning	N/A -not applicble	RGB2
Police	No issues	WJW
Fire	I have no concerns with the request	GAN
Building/Zoning	Approved / June 3, 2016	JS
Conservation	N/A	BAK
Board of Health		
Assessors	No Issues. Robert Fitzgerald 06/03/16	
Treasurer/ Collector	ALL IS CURRENT	JH

*Please sign off and return the slip to the Town Manager's Office via email to
mwetherbee@northbridgemass.org or ssusienka@northbridgemass.org.
Thanks!!*

E

TOWN OF NORTHBRIDGE, MASSACHUSETTS

INDEPENDENT AUDITORS' REPORTS PURSUANT
TO GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133

YEAR ENDED JUNE 30, 2015

TOWN OF NORTHBRIDGE, MASSACHUSETTS

INDEPENDENT AUDITOR'S REPORTS PURSUANT TO GOVERNMENT
AUDITING STANDARDS AND OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2015

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERES BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PREFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Selectmen
Town of Northbridge, Massachusetts

We have audited, in accordance with the 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 Northbridge, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Northbridge, Massachusetts's basic financial statements, and have issued our report thereon dated April 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Northbridge's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Town of Northbridge's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Northbridge'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 of Northbridge's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Borgatti Harrison & Co.

Framingham, Massachusetts
April 29, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Selectmen
Town of Northbridge, Massachusetts

Report on Compliance for Each Major Program

We have audited the Town of Northbridge, Massachusetts's compliance with the types of compliance requirements described in the OMB Circular A-133 **Compliance Supplement** that could have a direct and material effect on each of the Town of Northbridge's major federal programs for the year ended June 30, 2015. The Town of Northbridge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Northbridge's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller general of the United States; and OMB Circular A-133, "**Audits of State, Local Governments, and Non-Profit Organizations**". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Northbridge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Town of Northbridge's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Northbridge, Massachusetts complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Internal Control Over Compliance

Management of the Town of Northbridge, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Northbridge's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Northbridge's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of federal Awards required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Northbridge, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Northbridge's basic financial statements. We issued our report thereon dated April 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by **OMB Circular A-133** and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Borgatti Harrison & Co.

Borgatti Harrison & Co.

Framingham, Massachusetts
April 29, 2016

ACCOMPANYING INFORMATION

**TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor</u> <u>Pass-through Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenses</u>
<u>U.S. Department of Education</u>		
Passed through the Commonwealth of Massachusetts - Department of Education <u>Special Education Cluster</u>		
Title VIB SPED IDEA	84.027	\$ 634,470
SPED Program Improvement	84.027	1,030
E.C. SPED Program Improvement	84.173	6,791
SPED Early Childhood	84.173	18,619
		<u>660,910</u>
Title 1	84.010	332,952
Title 1 School Support	84.010	9,558
Title II A	84.367	84,595
Building Aligned Curriculum	84.395	5,600
Race to the Top	84.395	20,635
National School Lunch & Breakfast	10.553/5	421,614
Total U.S. Department of Education		<u>1,535,864</u>
<u>U.S. Department of Transportation</u>		
Passed through the Commonwealth of Massachusetts - Governors Highway Bureau Traffic Enforcement	20.600	8,302
Total U.S. Department of Transportation		<u>8,302</u>
<u>U.S. Department of Homeland Security</u>		
Passed through the Commonwealth of Massachusetts - State Homeland Security Program Emergency Management Performance Grant	97.042	5,896
Total U.S. Department of Homeland Security		<u>5,896</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed through the Commonwealth of Massachusetts - Department of Housing and Community Development Disaster Recovery Grant Program	14.269	49,665
Total U.S. Department of Housing and Urban Development		<u>49,665</u>
		<u>\$ 1,599,727</u>

See accompanying notes to schedule

TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Northbridge, Massachusetts.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Town of Northbridge, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the report on compliance with requirements applicable to each major program and internal control over compliance.
5. The auditor's report on compliance for the major award programs for the Town of Northbridge, Massachusetts expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the Town of Northbridge, Massachusetts.
7. The programs tested as major programs include the following:

	<u>CFDA Number</u>
• National School Lunch	10.553
• Title 1	84.010
• Title IIA	84.367
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Northbridge, Massachusetts was determined to be a high-risk auditee.

B. Findings – Financial Statements Audit

None

C. Findings and Questioned Costs

None

D. Prior Year Audit Findings and questioned Costs

None

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance of the Town of Northbridge, Massachusetts. The Town reporting entity is defined in Note 1 to the Town's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements.

3. Relationship to Federal Financial Reports

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

YEAR ENDED JUNE 30, 2015

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF NORTHBRIDGE, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of Selectmen
Town of Northbridge, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Northbridge, Massachusetts, as of and for the year ended June 30, 2015, (except for the Northbridge Contributory Retirement System, which is as of and for the year ended December 31, 2014) and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Northbridge, Massachusetts, as of June 30, 2015, (except for the Northbridge Contributory Retirement System, which is as of and for the year ended December 31, 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.

Certified Public Accountants

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 3 through 10 and certain pension and other postemployment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2016, on our consideration of the Town of Northbridge, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 in considering the Town of Northbridge, Massachusetts's internal control over financial reporting and compliance.



Borgatti Harrison & Co.

Framingham, Massachusetts
April 29, 2016

TOWN OF NORTHBRIDGE, MASSACHUSETTS

Management's Discussion and Analysis

As management of the Town of Northbridge (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Northbridge for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements, which begin on page 14 of this report.

Financial Highlights:

- Government-wide financial statements for the Town's fiscal year ended June 30, 2015 reflect the results of implementing Government Accounting Standards Board (GASB) Statement 68. As noted on page 57, the cumulative impact of bringing unfunded pension benefit obligations onto the Statement of Net Position as of June 30, 2014 was \$13,234,684. This restatement eliminated all positive net position in the governmental activities that had been reported under previous reporting guidance from the GASB. Under prior guidance, unfunded pension benefit liabilities were disclosed in the notes to the financial statements, but not in the financial statements themselves, unless the Town failed to fund its actuarial required contribution. The Town of Northbridge has never failed to meet its actuarial required contribution for defined benefit pension obligations.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$16,157,033 (*net assets, Statement of Net Assets, page 14*). Of this amount, \$(24,334,356) (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3,044,094 in fiscal year 2015. Net assets of governmental activities decreased by \$3,373,015 and net assets of business-type activities increased by \$328,921.
- The total cost of all Town's services for fiscal 2015 was \$55,955,432 (*Statement of Activities, page 15*), \$52,717,995 of which was for governmental services, and \$3,237,437 of which was for business-type activities.
- At June 30, 2015, the Town's governmental funds reported a combined ending fund balance of \$12,159,368 (*Balance sheet, page 16*). The combined governmental funds fund balance increased by \$2,058,954 (*Statement of Revenues, Expenditures and Changes in Fund Balances, page 18*) from the prior year's ending fund balance. A total of \$2,219,683 or 18.25% of the \$12,159,368 fund balance is considered unassigned at June 30, 2015.
- The Town's general fund reported a fund balance of \$6,650,356 (*Balance Sheet, page 16*) at the end of fiscal year 2015. The unassigned fund balance for the general fund was \$2,219,683 or 5.2% of total general fund expenditures and transfers to other funds. There was a \$897,558 decrease in total general fund balance for the year.
- The Town's total bonded debt decreased by \$377,303 or 4.27% during the year. The key factors in this change were debt service payments of \$2,307,697 and issuances of \$2,685,000.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of 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* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

The Town maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the stabilization fund, and the capital projects fund, all of which are considered to be major funds. Data from the other 7 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*.

The basic governmental fund financial statements can be found on pages **16-20** of this report.

Proprietary funds: The Town maintains one type of proprietary fund, *Enterprise funds*, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses two enterprise funds to account for water, and sanitary sewer activities.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, and sanitary sewer activities, both of which are considered major funds of the Town.

The basic proprietary fund financial statements can be found on pages **21-23** of this report.

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

The fiduciary fund financial statements provide separate information for the pension trust fund of the Town. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption private purpose trust funds.

The fiduciary fund financial statements can be found on pages **24-25** of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **27-57** of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning all legally adopted budgets. The Town adopts an annual appropriation budget for the general, water, and sewer funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget – general fund on page **20** of this report.

This report also presents certain required supplementary information regarding the Town's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis:

Town of Northbridge Net Assets

	Governmental		Business-type			
	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 17,680,656	\$ 15,545,015	\$ 5,288,519	\$ 6,118,041	\$ 22,969,175	\$ 21,663,056
Non current assets(except capital assets)	-	-	1,250,427	1,519,352	1,250,427	1,519,352
Capital assets	33,245,763	34,619,539	13,052,131	12,827,740	46,297,894	47,447,279
Total assets	50,926,419	50,164,554	19,591,077	20,465,133	70,517,496	70,629,687
Deferred outflow of resources	80,304	-	-	-	80,304	-
Current liabilities	4,588,853	4,153,883	1,036,737	3,788,274	5,625,590	\$ 7,942,157
Long term liabilities	42,843,148	25,828,249	5,972,029	4,423,469	48,815,177	30,251,718
Total liabilities	47,512,305	29,982,132	7,008,766	8,211,743	54,521,071	38,193,875
Net assets:						
Invested in capital, net of related debt	30,757,944	32,239,423	7,666,088	7,986,239	38,424,032	\$ 40,225,662
Restricted	2,067,357	1,796,781	-	-	2,067,357	\$ 1,796,781
Unrestricted	(29,250,579)	(13,853,782)	4,916,223	4,267,151	(24,334,356)	(9,586,631)
Total net assets	\$ 3,574,722	\$ 20,182,422	\$ 12,582,311	\$ 12,253,390	\$ 16,157,033	\$ 32,435,812

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$16,157,033 the close of the most recent fiscal year.

Governmental activity long-term liabilities include \$1,875,711 in general obligation bonds payable. Business-type activity long-term liabilities include \$5,943,900 in general obligation bonds. Also included in governmental activity long-term liabilities is other post employment benefits obligation of \$26,590,613 and net pension liability of \$13,341,756.

The largest portion of the Town's total net assets (237.82%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (12.79%) represents resources that are subject to restrictions placed on how they may be used by parties external to the Town. The remaining balance of unrestricted net assets, \$(24,334,356) or (-150.61%), of total net assets may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$(24,334,356); the unrestricted net assets of the Town's business-type activities, \$4,916,223 may not be used to fund governmental activities.

At the end of the current fiscal year, the Town is able to report positive balances in two of three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The government's total net assets decreased by \$3,044,094 during the current fiscal year, a 48.55% of a decrease occurred in the governmental activities and a 2.68% of an increase occurred in the business-type activities.

**Town of Northbridge
Changes in Net Assets**

	Governmental		Business-type			
	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for service	\$ 3,060,260	\$ 2,837,623	\$ 3,713,237	\$ 3,703,391	\$ 6,773,497	\$ 6,541,014
Operating grants and contributions	22,851,098	23,453,524	-	-	22,851,098	23,453,524
Capital grants and contributions	5,219	6,049	-	-	5,219	6,049
General Revenues:						
Property and excise taxes	21,021,930	20,503,330	-	-	21,021,930	20,503,330
Grants and contributions-not restricted	1,949,902	1,906,576	-	-	1,949,902	1,906,576
All other	250,042	282,528	59,650	47,007	309,692	329,535
Total revenues	49,138,451	48,989,630	3,772,887	3,750,398	52,911,338	52,740,028
Expenses						
General government	1,470,212	1,333,715	-	-	1,470,212	1,333,715
Public safety	4,792,060	4,294,200	-	-	4,792,060	4,294,200
Education	28,094,612	28,035,298	-	-	28,094,612	28,035,298
Public works	2,215,350	2,419,349	-	-	2,215,350	2,419,349
Health & human services	512,031	540,316	-	-	512,031	540,316
Culture & recreation	252,243	253,819	-	-	252,243	253,819
Employee pensions	4,053,510	6,547,100	-	-	4,053,510	6,547,100
Insurance	6,298,410	6,284,331	-	-	6,298,410	6,284,331
Employee benefits	3,923,255	4,564,265	-	-	3,923,255	4,564,265
State & county charges	913,755	797,507	-	-	913,755	797,507
Capital Outlay	-	-	-	-	-	-
Interest on debt	192,557	206,602	-	-	192,557	206,602
Water	-	-	1,509,862	1,443,397	1,509,862	1,443,397
Sewer	-	-	1,727,575	1,732,068	1,727,575	1,732,068
Total expenses	52,717,995	55,276,502	3,237,437	3,175,465	55,955,432	58,451,967
Increase in net assets before transfers	(3,579,544)	(6,286,872)	535,450	574,933	(3,044,094)	(5,711,939)
Transfers	206,529	206,900	(206,529)	(206,900)	-	-
Increase in net assets	(3,373,015)	(6,079,972)	328,921	368,033	(3,044,094)	(5,711,939)
Net assets - Beginning of Year, as restated	6,947,737	26,262,394	12,253,390	11,885,357	19,201,127	38,147,751
Net assets - End of Year	\$ 3,574,722	\$ 20,182,422	\$ 12,582,311	\$ 12,253,390	\$ 16,157,033	\$ 32,435,812

Governmental activities – Governmental activities decreased the Town’s net assets by \$3,373,015 or 48.55% during fiscal 2015. A summary of revenues and major functional expenditures is presented above. This decrease is due primarily to the recognition of other post employment benefits obligation in the amount of \$3,923,255 and the change in accounting method from governmental statements to the district-wide statements as explained in the Reconciliation of the Statement of Revenues, Expenditures, and changes in Fund Balances of Governmental Fund to the Statement of Activities.

Business-type activities – Business type activities increased the Town’s net assets by \$328,921 or 2.68% during fiscal 2015.

Financial Analysis of Governmental Funds:

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

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

As of June 30, 2015, the Town's governmental funds reported combined ending fund balances of \$12,159,368, an increase of \$2,058,954 in comparison with the prior year; \$2,219,683 of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is assigned to indicate it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period; committed for capital outlay and improvement purposes; and restricted for non expendable permanent fund balances and federal and state grants.

The general fund is the chief operating fund of the Town. At June 30, 2015, unassigned fund balance of the general fund was \$2,219,683, while the total fund balance was \$6,650,356. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers to other funds). Unassigned fund balance represents 5.2% of total general fund expenditures (including transfers), while total fund balance also represents 15.71% of the same amount.

Town of Northbridge

General Fund

Fund Balance Trends

The total general fund balance of the Town increased by \$1,090,901 or 19.62% during fiscal 2015. The major reason for this increase was actual revenues were \$437,479 greater than budgeted, actual expenses were \$384,536 lower than budgeted, and the Town budgeted to use \$939,664 from other sources, which included \$355,000 in debt proceeds and \$584,664 of available funds to support the fiscal 2015 operating budget.

Total fiscal year 2015 general fund revenues and transfers from other funds totaled \$43,056,373, a decrease of \$1,561,234 or 3.5% over the previous fiscal year.

GENERAL FUND

Fund Balance Trends

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and Personal Property Tax	18,942,760	44.0%	375,439	2.0%
Motor Vehicle Excise	2,014,779	4.7%	92,695	4.8%
Intergovernmental	20,010,907	46.5%	(2,134,103)	-9.6%
Departmental and other revenues	860,927	2.0%	(50,804)	-5.6%
Investment Income	244,809	0.6%	(34,602)	-12.4%
Total Revenues	42,073,982	97.7%	(1,751,375)	-4.0%
Transfers from other funds	982,391	2.3%	190,141	24.0%
Total revenues and transfers from other funds	43,056,373	100.0%	(1,561,234)	-3.5%

FY'15 was a challenging one for the Town as a whole. The Town did not perform well as in years past, as shown in the chart above. There are a number of factors that contributed to this.

First, revenues received from Personal Property and Real Estate Taxes were due to solely from the annual increase in Prop. 2 ½. This was the first year in many that we did not pass a debt exclusion or a capital exclusion for new vehicles or a new building. As a result, this revenue source stayed modestly low when compared to previous years.

For the fourth consecutive year, the amount of money the Town has received from Motor Vehicle Excise has increased. This is great news for a community that depends heavily on the local revenue generated within the Town. However, the revenue received in 2015 was not as high as the amounts from the past 2 years, when the Town received double digit percentage increases. Still, monetarily this represents an increase of \$93,000 annually for the Town. There was significant funds given back in the form of motor vehicle abatements. This does not look to continue in FY'16, and seemed to represent an anomaly. Given that the Town leans heavily on the amount of funds it receives from motor vehicle excise, this is something the Town will need to monitor moving forward.

The second largest decrease was intergovernmental revenue. The main reason for the loss in revenue was revenue recognized for MTRS on behalf payments as per GAAP. In FY'14, that amount was almost double of what it was in FY'15, hence the big decrease.

Departmental Revenue, items such as permits, fees, and violations, dropped slightly in FY'15 when compared to FY'14 where there was a 5.6% drop in revenue. The main area where the Town saw a decline was in other revenue, which accounted for the biggest drop from \$439,021 in FY'14 to \$301,490 in FY'15. This represented a 31% drop over the previous fiscal year. Some of the drop was due to receipt of one-time revenues.

The one year trend of an increase in Investment income ended in FY'15. Despite strong than expected balances on the Town's accounts, the Town was unable to attain the revenue it had received in FY'14. Some of this was due to maturing notes coming due, and cash flow of certain obligations.

The large increase in Transfers to the General Fund was an increase in the funding from the Ambulance Reserves. Most of this was due to additional funding due to the transfer of dispatch from the Fire department to the Police Department. The additional funds were used in the hiring of additional dispatchers.

Total general fund expenditures and transfers to other funds totaled \$42,320,472, a decrease of \$2,074,287 or 4.7% over the previous fiscal year.

As can be seen from the chart below, the FY'15 expense budget for the Town came in under budget for most of the functions listed above. This was mainly the case for all of the departments, as their original budgets approved at Town Meeting, including transfers or amendments, were lower than expected. As noted above, part of the increase in total general fund balance was due in part because of this.

		%	Increase/	%
Function	Amount	of Total	(Decrease)	Change
General Government	1,304,077	3.1%	(49,431)	-3.7%
Public Safety	3,964,378	9.4%	98,752	2.6%
Public Works	1,649,397	3.9%	(23,464)	-1.4%
Health and human services	445,900	1.1%	(21,200)	-4.5%
Culture and recreation	179,530	0.4%	7,538	4.4%
Education	22,697,245	53.6%	203,031	0.9%
Employee pensions	4,026,742	9.5%	(2,520,358)	-38.5%
Insurance	6,298,410	14.9%	14,079	0.2%
Debt service	443,311	1.0%	(6,839)	-1.5%
State and county charges	913,755	2.2%	116,248	14.6%
Total expenditures	41,922,745	99.1%	(2,181,644)	-4.9%
Transfers to other funds	397,727	0.9%	107,357	37.0%
Total expenditures and transfers to other funds	42,320,472	100.0%	(2,074,287)	-4.7%

This Fiscal Year 2015 budget saw a 4.9% decrease over Fiscal 2014. In general, the majority of our budgets were lean, which resulted in half of the budgeted areas with a decrease over the prior year. The largest decrease we saw was with employee pensions, with a decrease of 38.5% over the previous year. This decrease was largely due to a reduction in the MTRS payment. Per GAAP, this is recorded as an intergovernmental receipt and as an expense under employee pensions. In FY'14, that payment was \$4,895,413. In FY'15, the payment was \$2,652,514, a drop of 46%. The other piece of that was an increase to the Town's assessment due to the Northbridge Retirement System. Employee pension's expense is driven by a funding schedule outlining the payments the Town is required to make in order to fund its pension obligation. This has been driven up in the past couple of years due to significant losses in the market due to the collapse of the housing and mortgage markets in 2008. As there is a lag of when those losses are reported, most of the increasing payment is due to those losses coupled with a schedule that must be funded by 2028.

The largest increase seen was with State and county charges at 14.6% over prior year. This was mostly impacted by the increased assessment for Charter School and School Choice for students out of the district. Other smaller increases were also seen with Culture and Recreation and Public Safety, at 4.4% and 2.6% consecutively. The Culture and Recreation function increase of 4.4% was due to additional funding that was given to the Library. The amount the Town allotted them totaled \$20,000. The 2.6% Public Safety increase was due to increased funding for additional dispatchers due to the consolidation of Police and Fire Communications. Additionally, a transfer of funds totaling \$95,000 was required to cover expenses incurred with Fire Department overtime.

Other increases in expenditure in Fiscal Year 2015 are due primarily to contractual obligation of wages.

Proprietary Funds – The Town's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. Unrestricted net assets amounted to \$2,714,734 for the Sewer Fund; and \$2,201,489 for the Water Fund. The sewer fund's net assets increased by \$255,861 while the water fund's net assets increased by \$73,060.

The Sewer fund change represents a slight decrease over Fiscal Year 2014 of approximately 1%. This change in net position includes operating income of \$640,000, and non-operating expense of \$205,000 before any transfers.

The Water fund change represents a decrease over Fiscal Year 2014 of approximately 33%. This change in net position includes operating income of \$78,000, and non-operating expense of \$21,000 before any transfers.

As has been the case in past years, the Town has been able to fund additional capital projects related to the Enterprise Funds. In FY'15, 2 new projects began that were related to the Sewer Enterprise Fund. This included the passage of \$250,000 for work related to the Town's comprehensive wastewater management plan. This included work to have cameras inspect the Town's pipes on some of the older parts of the system to detect any leaks, as well as some smaller testing and inspection of the sewer system. The town also appropriated an additional \$250,000 for improvements to the existing sludge gravity thickeners at the Northbridge Wastewater Treatment Plant. Those projects both began late in 2015 and are expected to be completed in 2016. The Sutton Street project, which was approved in 2012 in conjunction with the ongoing reconstruction of the entire length of Sutton Street, was completed in 2015. This including both upgrades to the Sewer portion and Water portion of Sutton Street from Eisenhower to Hill Street.

General Fund Budgetary Highlights:

The difference between the original budget of \$39,314,466 and the final amended budget of \$39,962,534 (\$648,068 increase in appropriations) of 1.65% can be summarized as follows:

General Government	\$ (8,779)
Public Safety	299,615
Education	123,068
Public Works	(2,737)
Health and Human Services	(8,934)
Culture and Recreation	-
Debt Service	-
Transfers out	539,256
Employee Pensions	-
Insurance	<u>(293,421)</u>
Total	\$ <u>648,068</u>

The increase in appropriations is due to end of the year adjustments when transfers are necessary to balance some year-end accounts. At the Fall Annual Town Meeting on October 2014, the adjustment made in the line for Public Safety was an appropriation for the purchase of the Fire Departments new Ladder truck. Additional funding was also given to the Fire Department with the intention of hiring additional personnel to help with the overtime budget. The adjustment made in the line for Education was an appropriation for additional funds to be given to Blackstone Valley Technical High School (BVT). Also, \$300,000 was raised at this meeting for continuing work on improving the Town's infrastructure, specifically the Town's Roads.

This continues the work that began in 2012 with the DPW's No Road Left Behind program. At a Special Town Meeting in February of 2015, the Town approved a transfer from free cash to the Town's school budget for capital items, including repairs to the Balmer School Kitchen, repairs for the Middle School HVAC unit, as well as funds to replace 2 Middle School locker room make-up air units. A reduction in the line for Health Insurance of approximately \$150,000 was transferred to offset the Fiscal Year 2016 line item for Health Insurance. Additionally, about \$73,421 was transferred in order to create a new reserve for Compensated Absences. This reserve was established to help off-set costs incurred from the retirement of Town employees that are owed for vacation, sick or personnel time. This savings was used in the Spring Town Meeting of 2015 to help offset deficits arising from other departments.

Capital Asset and Debt Administration:

Capital assets – The Town's capital assets for governmental and business-type activities as of June 30, 2015, amounts to \$46,297,894, net of accumulated depreciation of \$80,162,866. The capital assets include land; buildings; improvements; machinery and equipment; streets, sidewalks, and storm drains; and water and sewer systems.

	Governmental		Business-type			
	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,551,708	\$ 3,283,408	\$ 87,315	\$ 87,315	\$ 3,639,023	\$ 3,370,723
Buildings & Improvements	18,766,111	19,394,583	6,705,313	6,948,082	25,471,424	26,342,665
Equipment & machinery	2,023,801	2,205,263	-	-	2,023,601	2,205,263
Improvements	1,538,411	1,579,112	93,878	101,393	1,632,289	1,680,505
Infrastructure	7,365,932	8,017,434	5,519,629	5,690,950	12,885,561	13,708,384
Construction in progress	-	139,739	645,996	-	645,996	139,739
Total	\$ 33,245,763	\$ 34,619,539	\$ 13,052,131	\$ 12,827,740	\$ 46,297,894	\$ 47,447,279

Major capital asset events during 2015 included the following:

- Total capital assets, net of accumulated depreciation decreased by \$1,149,385.
- Business-type activity capital assets increased by \$224,391 due to capital expenditures of \$645,996 and depreciation of these assets in the amount of \$421,605 in 2015.
- Government activity capital assets decreased by \$1,373,776 due to depreciation of these assets in the amount of \$1,844,372, and capital expenditures in the amount of \$470,596 in 2015.

Additional information on the Town's capital assets may be found in Note 8 to the financial statements.

Long term debt – At June 30, 2015, the Town had total bonded debt outstanding of \$9,214,819, \$2,487,819 for governmental activities and \$6,727,000 for business-type activities. All debt is a general obligation of the Town, although water and sewer debt service payments are made from the resources of the enterprise funds.

	Governmental		Business-type			
	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Education buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Education land	715,000	450,000	-	-	715,000	450,000
Title V septic program	89,819	105,116	-	-	89,819	105,116
Municipal roof repairs	1,683,000	1,825,000	-	-	1,683,000	1,825,000
Water system	-	-	510,000	-	510,000	-
Sewer system	-	-	6,217,000	6,457,400	6,217,000	6,457,400
Total	\$ 2,487,819	\$ 2,380,116	\$ 6,727,000	\$ 6,457,400	\$ 9,214,819	\$ 8,837,516

Total long-term bonds and loans outstanding at June 30, 2015 increased by \$377,303 or 4.3% from June 30, 2014. Total debt service payments were \$854,697.

The Town's bonds are rated Aa3 by Moody's Investor Services Inc. and rated AA by Standard & Poor's Rating Services.

Additional information on the Town's long-term debt can be found in Note 11 to the financial statements.

Economic Factors and Next Year's Budgets and Rates:

According to the Commonwealth of Massachusetts Division of Employment and Training, the unemployment rate for the Town for 2015 was 5.1%, which compares unfavorably with state and favorably with national unemployment rates. The state average was 4.9% while the national rate was 5.3%.

According to the U.S. Department of Commerce, the median family income for the Town for 2012 was \$62,055; the per capita income for the same time was \$29,065. This compares favorably with both state and national incomes.

According to the Town's Board of Assessors, the average 2015 single family home in Northbridge is valued at \$266,500. All properties compare favorably with state and national property values. The assessed value of taxable property is \$1,424,744,520, statistically, no increase from FY'14. Triennial certification of values is scheduled for 2017.

The Town approved a fiscal year 2016 General Fund Budget of \$39,618,323, an increase of 2% or \$799,846 over the fiscal year 2015 General Fund Budget. The Town has been able to weather the storm of the 2008 financial crisis that shook the country as a whole. This is the eighth straight year the Town has avoided major layoffs, and due to the diligence of everyone involved, has managed to maintain adequate staffing levels while still in the midst of economic recovery. The Town is still lagging in the amount of State Aid we receive. FY'15 was a challenging one for the Town as a whole. A failed vote to permanently raise the levy ceiling failed at the Annual Spring Election, despite the fact it had passed at the Annual Town Meeting. The vote, had it passed, would have raised the amount the Town would have been able to levy beyond the 2 1/2% that is normally increased in any given year. The 3 million that was looking to be raised would have been earmarked for an increase to the school Department's budget, with the money spread over 5 years to help offset increases in special education, other federal mandates, transportation, along with the stagnate amount the Town has received in Chapter 70. This permanent override would have given the Town flexibility moving forward without having to rely on State aid. As a result, there is continued pressure on the taxpayer base to help fund the budget and capital expenses that need replacing. Still, the Town was able to continue moving forward with additional funding to various areas. The No Road Left Behind program, thanks to the passage of a capital exclusion, giving the program an additional \$300,000 to help with repairing of Town roads.

This helped accelerate some projects that would have been waitlisted otherwise. This included a total rebuild of Main Street from Arcade to Memorial Square, which included the removal of the old trolley tracks. The Town set up a new reserve along with funding for Compensated Absences, benefits owed to employees after they leave service with the Town. Thanks to the residents of the Town for their continued support of a capital exclusion, the Town will be able to purchase a new street sweeper for the Department of Public works, along with a new combination dump truck with wing plow. The Town also approved additional funds for the purchase of a new ambulance for the Fire Dept. The Town's Sewer and Water Enterprise Funds continue operating in a profitable manner, without having to use retained earnings to supplement the day to day operations. The total approved fiscal year 2016 budget for the Sewer Enterprise totaled \$2,242,656, an 8% increase over FY'15 or \$165,644. The Water Enterprise 2016 operating budget is \$1,645,005, a 1% increase over FY'15 or \$13,846. The Sewer Enterprise completed the process of upgrading its sludge management system, an expansive project that in the long run should lower some of the operating costs of the plant. With the use of Retained Earnings, the Sewer fund purchased a new 4 wheel drive utility body truck. Additionally, the Town approved use of funds for the reporting and document preparation required under the EPA issued Wastewater Treatment Plant NPDES discharge permit. The Water Fund spent retained earnings for the purchase and installation of new smart water meters. The purpose of which was to replace aging meters used on the water system, upgrading with better technology to allow for better monitoring of water usage as well as decreased costs due to aging and meter reading.

Requests for Information

This financial report is designed to provide a general overview of the Town of Northbridge's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant's Office, Town of Northbridge, 7 Main Street, Whitinsville, Massachusetts 01588.

TOWN OF NORTHBRIDGE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,421,807	\$ 4,375,942	\$ 18,797,749
Restricted cash and cash equivalents	661,489	-	661,489
Investments	782,584	-	782,584
Receivables, net of allowance for uncollectible accounts	1,194,328	644,907	1,839,235
Due from Other Governmental Agencies	620,448	245,870	866,318
Current portion of unapportioned betterments	-	21,800	21,800
Total Current Assets	<u>17,680,656</u>	<u>5,288,519</u>	<u>22,969,175</u>
Noncurrent Assets:			
Unapportioned betterments due after one year	-	155,340	155,340
Intergovernmental	-	1,095,087	1,095,087
Capital assets, net of accumulated depreciation	33,245,763	13,052,131	46,297,894
Total Noncurrent Assets	<u>33,245,763</u>	<u>14,302,558</u>	<u>47,548,321</u>
Total Assets	<u>50,926,419</u>	<u>19,591,077</u>	<u>70,517,496</u>
DEFERRED OUTLOWS OF RESOURCES			
Pension related	<u>80,304</u>	<u>-</u>	<u>80,304</u>
LIABILITIES			
Current Liabilities:			
Warrants payable and accrued expenses	3,321,015	253,637	3,574,652
Notes payable	-	-	-
Performance bonds	642,430	-	642,430
Current portion of landfill postclosure care costs	13,300	-	13,300
Current portion of bonds payable	612,108	783,100	1,395,208
Total Current Liabilities	<u>4,588,853</u>	<u>1,036,737</u>	<u>5,625,590</u>
Noncurrent Liabilities:			
Bonds payable, net of current portion	1,875,711	5,943,900	7,819,611
Postclosure care costs, net of current portion	239,400	-	239,400
Other post employment benefits obligation	26,590,613	-	26,590,613
Net pension liability	13,341,756	-	13,341,756
Compensated absences, net of current portion	795,668	28,129	823,797
Total Noncurrent Liabilities	<u>42,843,148</u>	<u>5,972,029</u>	<u>48,815,177</u>
Total Liabilities	<u>47,432,001</u>	<u>7,008,766</u>	<u>54,440,767</u>
NET POSITION			
Net Investment in capital assets	30,757,944	7,666,088	38,424,032
Restricted for:			
Permanent funds:			
Nonexpendable	504,870	-	504,870
Other specific purposes	1,562,487	-	1,562,487
Unrestricted	<u>(29,250,579)</u>	<u>4,916,223</u>	<u>(24,334,356)</u>
Total Net Position	<u>\$ 3,574,722</u>	<u>\$ 12,582,311</u>	<u>\$ 16,157,033</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 1,470,212	\$ 159,873	\$ 13,328	\$ -	\$ (1,297,011)	\$ -	\$ (1,297,011)
Public Safety	4,792,060	1,521,517	129,887	-	(3,140,656)	-	(3,140,656)
Public Works	2,215,350	9,120	1,070,443	-	(1,135,787)	-	(1,135,787)
Health and Human Services	512,031	90,286	205,501	-	(216,244)	-	(216,244)
Culture and Recreation	252,243	15,369	24,533	-	(212,341)	-	(212,341)
Education	28,094,612	1,264,095	18,754,892	-	(8,075,625)	-	(8,075,625)
Employee Benefits	3,923,255	-	-	-	(3,923,255)	-	(3,923,255)
Employee Pensions	4,053,510	-	2,652,514	-	(1,400,996)	-	(1,400,996)
Insurance	6,298,410	-	-	-	(6,298,410)	-	(6,298,410)
State and County Charges	913,755	-	-	-	(913,755)	-	(913,755)
Capital Outlay	-	-	-	-	-	-	-
Interest on Long-term Debt	192,557	-	-	5,219	(187,338)	-	(187,338)
Total governmental activities	52,717,995	3,060,260	22,851,098	5,219	(26,801,418)	-	(26,801,418)
Business-type activities							
Water Enterprise	1,509,862	1,587,763	-	-	-	77,901	77,901
Sewer Enterprise	1,727,575	2,125,474	-	-	-	397,899	397,899
Total business-type activities	3,237,437	3,713,237	-	-	-	475,800	475,800
Total primary government	\$ 55,955,432	\$ 6,773,497	\$ 22,851,098	\$ 5,219	(26,801,418)	475,800	(26,325,618)
General revenues:							
Property and excise taxes					21,021,930	-	21,021,930
Investment earnings					250,042	59,650	309,692
Grants and contributions not restricted to specific programs					1,949,902	-	1,949,902
Transfers					206,529	(206,529)	-
Total general revenues, special items, and transfers					23,428,403	(146,879)	23,281,524
Change in net position					(3,373,015)	328,921	(3,044,094)
Net position - beginning of year, as restated					6,947,737	12,253,390	19,201,127
Net position - end of year					\$ 3,574,722	\$ 12,582,311	\$ 16,157,033

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 8,591,034	\$ 5,830,773	\$ 14,421,807
Investments	782,584	-	782,584
Taxes receivable, net of allowance for uncollectible accounts	1,249,781	36,732	1,286,513
Receivable from other governments	5,873	-	5,873
Other receivables	-	522,390	522,390
Restricted cash and cash equivalents	-	661,489	661,489
	<hr/>	<hr/>	<hr/>
Total assets	\$ 10,629,272	\$ 7,051,384	\$ 17,680,656
	<hr/>	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Warrants payable and accrued payroll	\$ 2,675,876	\$ 339,396	\$ 3,015,272
Temporary loans	-	-	-
Performance bonds	-	642,430	642,430
Other	299,013	1,424	300,437
	<hr/>	<hr/>	<hr/>
Total liabilities	2,974,889	983,250	3,958,139
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,004,024	559,122	1,563,146
	<hr/>	<hr/>	<hr/>
Fund balances:			
Nonspendable	-	-	-
Restricted	355,000	1,469,485	1,824,485
Committed	1,470,228	133,233	1,603,461
Assigned	2,605,445	3,906,294	6,511,739
Unassigned	2,219,683	-	2,219,683
	<hr/>	<hr/>	<hr/>
Total fund balances	6,650,356	5,509,012	12,159,368
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 10,629,269	\$ 7,051,384	\$ 17,680,653
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements

**TOWN OF NORTHBRIDGE, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015**

Total governmental fund balances	\$	12,159,368
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		33,245,763
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Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		80,304
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In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in Governmental Funds, interest is not reported until due.		(5,306)
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Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,563,149
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds, but are included in the governmental activities of the Statement of Net Position.

Bonds and Notes Payable		(2,487,819)
Postclosure Care Costs		(252,700)
Net OPEB Obligation		(26,590,613)
Net Pension Liability		(13,341,756)
Compensated Absences		(795,668.00)

Net Position of Governmental Activities in the Statement of Net Position	\$	<u>3,574,722</u>
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The accompanying notes are an integral part of the financial statements

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes and assessments	\$ 20,957,539	\$ -	\$ 20,957,539
Intergovernmental	20,010,907	3,963,077	23,973,984
Licenses and permits	361,602	-	361,602
Fees and fines	197,835	929,906	1,127,741
Charges for services	-	1,635,156	1,635,156
Investment income	244,609	5,432	250,041
Other	301,490	27,647	329,137
Contributions and donations	-	518,355	518,355
Total revenues	<u>42,073,982</u>	<u>7,079,573</u>	<u>49,153,555</u>
EXPENDITURES			
General government	1,304,077	18,207	1,322,284
Public safety	3,964,378	659,321	4,623,699
Education	22,697,245	4,274,858	26,972,103
Public works	1,649,397	705,846	2,355,243
Health and human services	445,900	43,025	488,925
Culture and recreation	179,530	32,129	211,659
Employee pensions	4,026,742	-	4,026,742
Insurance	6,298,410	-	6,298,410
Debt Service:			
Principal	247,297	-	247,297
Interest and other charges	196,014	-	196,014
State and county charges	913,755	-	913,755
Capital outlay	-	-	-
Total expenditures	<u>41,922,745</u>	<u>5,733,386</u>	<u>47,656,131</u>
Excess (deficiency) of revenues over expenditures	<u>151,237</u>	<u>1,346,187</u>	<u>1,497,424</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	355,000	-	355,000
Transfers in	982,391	389,257	1,371,648
Transfers out	(397,727)	(767,391)	(1,165,118)
Total other financing sources and uses	<u>939,664</u>	<u>(378,134)</u>	<u>561,530</u>
Net change in fund balances	1,090,901	968,053	2,058,954
Fund balances - beginning of year	5,559,455	4,540,959	10,100,414
Fund balances - end of year	<u>\$ 6,650,356</u>	<u>\$ 5,509,012</u>	<u>\$ 12,159,368</u>

The accompanying notes are an integral part of the financial statements

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

Net change in fund balances - total governmental funds: \$ 2,058,954

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$488,773) exceeded depreciation (\$1,844,372) in the current period. (1,355,599)
 Loss on disposal of capital assets (18,177)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned:

Net change in deferred revenue (2,147)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such payments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. (107,703)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds 8,676
 Accrued compensated absences not reflected on Governmental funds (20,296)
 Landfill postclosure costs not reflected on Governmental funds 13,300
 Other post employment benefits obligation (3,923,255)
 Net pension liability (26,768)

Change in net position of governmental activities \$ (3,373,015)

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and assessments	\$ 20,132,436	\$ 20,680,476	\$ 20,881,935	\$ 201,459
Intergovernmental	17,332,467	17,332,467	17,358,393	25,926
Licenses and permits	350,000	350,000	361,602	11,602
Fees and fines	137,000	137,000	197,835	60,835
Departmental and other revenue	150,000	150,000	301,490	151,490
Investment earnings	250,000	250,000	236,167	(13,833)
Total revenues	38,351,903	38,899,943	39,337,422	437,479
EXPENDITURES				
General government	1,503,211	1,494,432	1,378,394	116,038
Public safety	4,084,147	4,383,762	4,352,243	31,519
Education	22,588,842	22,711,910	22,703,279	8,631
Public works	1,308,045	1,305,308	1,800,849	(495,541)
Health and human services	514,735	505,801	445,900	59,901
Culture and recreation	196,705	196,705	196,433	272
Debt principal	247,297	247,297	247,297	-
Debt interest	210,935	210,935	196,014	14,921
Employee pensions	1,374,229	1,374,229	1,374,228	1
Insurances	7,321,950	7,028,529	6,319,437	709,092
State and county charges	853,457	853,457	913,755	(60,298)
Claims and judgements	-	-	-	-
Total Expenditures	40,203,553	40,312,365	39,927,829	384,536
Excess (deficiency) of revenues over expenditures	(1,851,650)	(1,412,422)	(590,407)	822,015
OTHER FINANCING SOURCES (USES)				
Transfers in	962,563	972,563	972,563	-
Transfers out	(8,471)	(547,727)	(547,727)	-
Total other financing sources and uses	954,092	424,836	424,836	-
Net change in fund balances	(897,558)	(987,586)	(165,571)	822,015
Fund balances - beginning of year	3,046,757	3,046,757	3,046,757	-
Fund balances - end of year	\$ 2,149,199	\$ 2,059,171	\$ 2,881,186	\$ 822,015

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Water Enterprise Fund	Sewer Enterprise Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,066,692	\$ 2,309,250	\$ 4,375,942
User fees receivable, net	215,794	429,113	644,907
Current portion of unapportioned betterments	-	21,800	21,800
Intergovernmental	-	245,870	245,870
Total current assets	<u>2,282,486</u>	<u>3,006,033</u>	<u>5,288,519</u>
Non-current assets:			
Unapportioned betterments due after one year	-	155,340	155,340
Intergovernmental	-	1,095,087	1,095,087
Capital assets, net of accumulated depreciation	<u>2,042,117</u>	<u>11,010,014</u>	<u>13,052,131</u>
Total noncurrent assets	<u>2,042,117</u>	<u>12,260,441</u>	<u>14,302,558</u>
Total assets	<u>4,324,603</u>	<u>15,266,474</u>	<u>19,591,077</u>
LIABILITIES			
Current Liabilities:			
Warrants payable	80,383	102,171	182,554
Accrued interest	614	70,469	71,083
Notes payable	-	-	-
Current portion of bonds payable	<u>35,000</u>	<u>748,100</u>	<u>783,100</u>
Total current liabilities	<u>115,997</u>	<u>920,740</u>	<u>1,036,737</u>
Non-current liabilities:			
Compensated absences	-	28,129	28,129
Bonds payable, net of current portion	<u>475,000</u>	<u>5,468,900</u>	<u>5,943,900</u>
Total noncurrent liabilities	<u>475,000</u>	<u>5,497,029</u>	<u>5,972,029</u>
Total liabilities	<u>590,997</u>	<u>6,417,769</u>	<u>7,008,766</u>
NET POSITION			
Net investment in capital assets	1,532,117	6,133,971	7,666,088
Unrestricted	<u>2,201,489</u>	<u>2,714,734</u>	<u>4,916,223</u>
Total net position	<u>\$ 3,733,606</u>	<u>\$ 8,848,705</u>	<u>\$ 12,582,311</u>

The accompanying notes are an integral part of the financial statements

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

	Business-Type Activities - Enterprise Funds		
	Water Enterprise Fund	Sewer Enterprise Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,587,763	\$ 1,939,331	\$ 3,527,094
Assessments	-	186,143	186,143
Total operating revenues	1,587,763	2,125,474	3,713,237
OPERATING EXPENSES			
Personal services	20,615	348,974	369,589
Capital outlay	-	-	-
Other supplies and expenses	1,436,185	766,418	2,202,603
Depreciation	52,448	369,157	421,605
Employee benefits	-	-	-
Total Operating Expenses	1,509,248	1,484,549	2,993,797
Operating income (loss)	78,515	640,925	719,440
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	21,688	37,962	59,650
Operating grants and contributions	-	-	-
Interest expense	(614)	(243,026)	(243,640)
Total non-operating revenue (expenses)	21,074	(205,064)	(183,990)
Income (loss) before contributions and transfers	99,589	435,861	535,450
Transfers in	8,471	-	8,471
Transfers out	(35,000)	(180,000)	(215,000)
Change in net position	73,060	255,861	328,921
Net position - beginning of year	3,660,546	8,592,844	12,253,390
Net position - end of year	\$ 3,733,606	\$ 8,848,705	\$ 12,582,311

The accompanying notes are an integral part of the financial statements

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

	Business-Type Activities - Enterprise Funds		
	Water Enterprise Fund	Sewer Enterprise Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 1,573,325	\$ 2,120,815	\$ 3,694,140
Payments to vendors	(1,639,307)	(2,030,374)	(3,669,681)
Payments to employees	(20,615)	(347,314)	(367,929)
Net cash from operating activities	(86,597)	(256,873)	(343,470)
Cash Flows from Noncapital Financing Activities:			
Net transfers in (out)	(26,529)	(180,000)	(206,529)
Net cash from noncapital financing activities	(26,529)	(180,000)	(206,529)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from issuance of bonds and notes	510,000	379,000	889,000
Acquisition and construction of capital assets	(401,413)	(244,583)	(645,996)
Principal payments on bonds and notes	-	(486,430)	(486,430)
Operating grants	-	-	-
Interest expense	-	(108,827)	(108,827)
Net cash from capital and related financing activities	108,587	(460,840)	(352,253)
Cash Flows from Investing Activities:			
Investment income	21,688	37,962	59,650
Net cash from investing activities	21,688	37,962	59,650
Net Change in Cash and Cash Equivalents	17,149	(859,751)	(842,602)
Cash and cash equivalents, beginning of year	2,049,543	3,169,001	5,218,544
Cash and cash equivalents, end of year	<u>\$ 2,066,692</u>	<u>\$ 2,309,250</u>	<u>\$ 4,375,942</u>
Reconciliation of Operating income(loss) to Net Cash Provided by (used for) Operating Activities:			
Operating income	\$ 78,515	\$ 640,925	\$ 719,440
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	52,448	369,157	421,605
Changes in assets and liabilities:			
User fees receivable	(14,438)	(2,999)	(17,437)
Other assets	-	-	-
Warrants payable and accrued expenses	(203,122)	(1,263,956)	(1,467,078)
Net Cash Provided by (used for) Operating Activities	<u>\$ (86,597)</u>	<u>\$ (256,873)</u>	<u>\$ (343,470)</u>
Non-Cash Investing, Capital and Financing Activities:			
Intergovernmental debt subsidies (MWPAT)	<u>\$ -</u>	<u>\$ 274,942</u>	<u>\$ 274,942</u>

The accompanying notes are an integral part of the financial statements

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

	<u>Pension Trust Fund</u> <u>(As of December 31,</u> <u>2014)</u>	<u>Private Purpose</u> <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 48,936	\$ -	\$ 207,562
Investments	28,847,700	-	-
Restricted cash and cash equivalents	-	8,195	-
Other	84,203	-	-
	<hr/>	<hr/>	<hr/>
Total assets	28,980,839	8,195	207,562
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Warrants payable	1,450	-	-
Due to student groups	-	-	207,562
	<hr/>	<hr/>	<hr/>
Total liabilities	1,450	-	207,562
	<hr/>	<hr/>	<hr/>
NET POSITION			
	<hr/>	<hr/>	<hr/>
Held in trust for pension benefits and other purposes	\$ 28,979,389	\$ 8,195	\$ -
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Pension Trust Fund</u> <u>(As of December 31,</u> <u>2014)</u>	<u>Private Purpose</u> <u>Trust Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,374,972	\$ -
Employee	822,597	-
Other	-	1,500
Total contributions	<u>2,197,569</u>	<u>1,500</u>
Net investment income:		
Net appreciation(depreciation) in fair value of investments	1,386,331	-
Interest	<u>794,255</u>	<u>283</u>
Total investment income	2,180,586	283
Less investment expenses	<u>(149,332)</u>	<u>-</u>
Net investment income	<u>2,031,254</u>	<u>283</u>
Intergovernmental	<u>25,940</u>	<u>-</u>
Transfers from other systems	<u>114,089</u>	<u>-</u>
Total additions	<u>4,368,852</u>	<u>1,783</u>
DEDUCTIONS		
Administration	108,835	-
Retirement benefits and refunds	2,222,057	-
Transfers and reimbursements to other systems	247,164	-
Other	<u>-</u>	<u>2,250</u>
Total deductions	<u>2,578,056</u>	<u>2,250</u>
Change in net position	1,790,796	(467)
Net position - beginning of year	<u>27,188,593</u>	<u>8,662</u>
Net position - end of year	<u>\$ 28,979,389</u>	<u>\$ 8,195</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NORTHBRIDGE, MASSACHUSETTS
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TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Town of Northbridge, Massachusetts (the "Town") was incorporated in 1771. The Town has an Open Town Meeting form of government and an executive five member Board of Selectmen. The Town Manager is responsible for the day-to-day administration of the Town under the direction of the Board of Selectmen.

The Town provides general governmental services, including Public Safety - Police and Fire Protection, Highways and Streets, Sanitation, Health and Social Services, Recreation and Cultural, Public Education for grades K through 12, and General Administrative Services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- * The organization is legally separate (can sue and be sued in their own name)
- * The Town holds the corporate powers of the organization
- * The Town appoints a voting majority of the organization's board
- * The Town is able to impose its will on the organization
- * The organization has the potential to impose a financial benefit/burden on the Town
- * There is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Northbridge has no component units.

Blended Component Units

Blended component units are entities that are legally separate from the Town but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The Town has included the Northbridge Contributory Retirement System as a blended component unit in the reporting entity because of the significance of their operation and financial relationships with the Town.

Northbridge Contributory Retirement System

The Northbridge Contributory Retirement System (System) was established to provide retirement benefits to Town employees, the Northbridge Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Town Accountant (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen and one member appointed by the Retirement Board's members. The System is presented using the accrual basis of accounting with a fiscal year ended December 31 and is reported as a pension trust fund in the fiduciary funds financial statements.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participant retains an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in one joint venture with other municipalities to pool resources and share the costs, risks and rewards or providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following table identifies the Town's joint venture and related information:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Fiscal 2015 Assessment</u>
Blackstone Valley Vocational Regional School District	To provide grades 9-12 vocational and technical educational services	65 Pleasant Street Upton, MA 01702	\$ 1,101,571

The Blackstone Valley Vocational Regional School District (the District) is governed by a thirteen (13) member school committee consisting of one elected representative from the Towns of Bellingham, Blackstone, Douglas, Grafton, Hopedale, Mendon, Milford, Millbury, Millville, Northbridge, Sutton, Upton and Uxbridge. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an approximately 15.8% equity interest in the joint venture.

C. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental activities typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

General Fund - This fund is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from the General Fund. The general fund is always considered a major fund.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the **nonmajor governmental funds** column on the governmental funds financial statements. The following describes the general use of these fund types:

Special Revenue Fund – This fund is used to account for the proceeds of specific revenue sources (other than capital projects or permanent funds) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

Permanent Funds – This fund is used to account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support government programs.

Proprietary fund financial Statements:

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

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

- The Water Enterprise Fund is used to account for water activities.
- The Sewer Enterprise Fund is used to account for sewer activities.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Fiduciary Fund Financial Statements:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs. The following fiduciary funds are reported:

Private-Purpose Trust Funds – This fund is used to account for resources legally held in trust for student scholarships.

Agency Funds – This fund is used to account for assets held by the Town as an agent for individuals, private organizations, and/or other governmental units. The Town reports Student Activity Funds in the Agency Fund.

Pension Trust Funds – This fund is used to account for the activities of the Northbridge Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

D. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Massachusetts General Laws).

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Town Meeting. Those committed amounts cannot be used for any other purpose unless the Town Meeting removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts by Town meeting, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Town Meeting, Board of Selectmen or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

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

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Government Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement costs, landfill post closure care costs, claims and judgments are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenue is recognized when received.

G. Budgetary Control

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the Annual Town Meeting, the Town Manager submits a proposed operating budget to the Finance Committee for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. At the Annual Town Meeting, the Finance Committee makes the recommendation to the voters of their concurrence or non- concurrence with the articles. The voters at the Annual Town Meeting then vote to accept or reject the proposed budget articles.
- c. On July 1, the budget is legally enacted.
- e. The Board of Assessors will submit to the Commonwealth of Massachusetts Department of Revenue the Town's Tax Recapitulatory Sheet. The sheet denotes the appropriations passed by the Town voters, sources of estimated revenues and the proposed tax revenues to be raised.

The Commonwealth's Department of Revenue will then certify the tax rate to be used in the assessment of taxes to the local property owners (real and personal).

- e. If a need arises, the Town will convene a special town meeting to act on the recommendations of the Finance Committee for additional appropriations.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2015 approved budget for the general fund was \$40,212,024 in appropriations and carryforwards. During fiscal year 2015, there were supplemental changes in appropriations in the amount of \$648,068.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and continuing appropriations, which are adjusted to the actual results for comparison. Deficits, if any, are raised in the subsequent year's budget process.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Inventories of Supplies

Supplies are considered to be expenditures at the time of purchase and are not included in the statement of net assets as inventories.

J. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity and month end.

An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less is also considered being "cash equivalents".

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

K. Interfund Receivables and Payables

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

L. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. For Governmental Funds, vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

M. Encumbrances and Continuing Appropriations

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures are recorded in order to reserve portions of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year-end.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

N. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

O. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government -wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$18,000 or more and over one year of useful life. Infrastructure assets capitalized have an original cost of \$18,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 Years
Vehicles	7 - 10 Years
Infrastructure	20 - 80 Years
Machinery and Equipment	7-10 Years
Improvements other than buildings	20 Years

P. Claims and Judgments

Estimated losses from judgments and claims are recorded in the Government-Wide financial statements as a liability and as an expense if the loss is probable and amounts can be reasonably estimated.

Q. Reconciliation of Government-Wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net position for governmental activities as shown on the government-wide statement of net position is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements, which comprise the reconciliation difference, stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

R. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Real estate taxes deemed not lienable
- Motor vehicle and other excise taxes
- Departmental and other

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported:

- Real estate taxes and tax liens
- Water and sewer
- Special assessments

Intergovernmental receivables are considered 100% collectible.

2 - PROPERTY TAXES

Real and personal property taxes are levied and based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1 and May 1. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective 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 receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting as previously described.

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 the levy in a fiscal year may not 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.

The Town must establish its property 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, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all non-property tax revenues projected to be received by the Town, including available funds.

3 - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

4 - BUDGETARY BASIS OF ACCOUNTING

The Town of Northbridge prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the Town's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide meaningful comparison of actual results with budget. The major differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Adjustments necessary to convert the General Fund's excess of revenues over expenditures on the budget basis to a GAAP basis are provided below:

Excess of revenues over expenditures – budget basis	\$ (590,407)
Adjustments of property tax revenue to a modified accrual basis	75,604
End of year adjustment for encumbrances recognized as expenditures	657,598
Record stabilization fund activity in general fund per GASB 54	8,442
Record revenue recognized for MTRS on-behalf payments	2,652,514
Record expenditures recognized for MTRS on-behalf payments	<u>(2,652,514)</u>
Excess of revenues over expenditures – GAAP basis	<u>\$ 151,237</u>

5 - DEPOSITS AND INVESTMENTS

Town (excluding the Pension Trust Fund):

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization or insurance protection by the financial institutions involved. Investments can be made in securities unconditionally guaranteed by the U.S. Government with maturities of 90 days or less which are collateralized by such securities. The Town also has the authority to purchase units in the Massachusetts Municipal Depository Trust (MMDT), a pooled fund managed for the Commonwealth.

The Town has expanded investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments in relation to the Town's restricted investments in the Permanent Funds.

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

The Town maintains a cash and investment pool that is available for use by all funds with unrestricted cash and investments. The deposits and investments in the pension trust fund are held separately from other Town funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town does not have a policy for custodial credit risk of deposits. As of June 30, 2015, \$4,092,279 of the Town's bank balance of \$20,910,293 was uninsured and uncollateralized and, therefore, exposed to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Interest Rate Risk of Debt Securities – Investments

Interest rate risk of debt securities for investments is the risk that change in interest rates of debt securities will adversely affect the fair value of an investment. The Town does not have a policy for interest rate risk of debt securities.

Credit Risk of Debt Securities – Investments

Credit risk of debt securities for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation. The Town does not have a policy for credit risk of debt securities.

Investment Summary

The Town's investments at June 30, 2015, are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt Securities:				
U.S. Agencies	\$ 310,178	\$ -	\$ 310,178	\$ -
Other Investments:				
Corporate Bonds	131,039			
Corporate Stocks	77,583			
Bond Mutual Funds	58,538			
Money Market Mutual Funds	44,686			
Certificates of Deposit	<u>160,560</u>			
	<u>\$ 782,584</u>			

As of June 30, 2015, the credit quality ratings of the Town's investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating</u>
		<u>Aaa</u>
U.S. Agencies	<u>\$ 310,178</u>	<u>\$ 310,178</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Pension Trust Fund:

The Northbridge Contributory Retirement System (NCRS) has expanded investment powers over the Town, including the ability to invest in equity securities, corporate bonds and other specified investments.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the NCRS's deposits may not be recovered. The NCRS does not have a policy for custodial credit risk of deposits. As of December 31, 2014, the NCRS's bank balance of \$48,936 was fully insured.

Investment Summary

The NCRS's investments at December 31, 2014 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt Securities:				
Bond mutual funds	\$ 4,468,509	\$ 4,468,509	\$ -	\$ -
Other Investments:				
International Equity Securities	4,557,937			
Equity Securities	5,703,190			
Equity Mutual Funds	3,213,634			
Real Estate Investments	2,757,840			
Timber	1,156,793			
Alternative Investments	<u>6,989,797</u>			
	<u>\$28,847,700</u>			

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the NCRS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The NCRS does not have a policy for custodial credit risk of investments.

As of December 31, 2014, the NCRS's investments of \$28,847,700 were uninsured, not registered in the name of the NCRS and exposed to custodial credit risk as follows:

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

<u>Investment Type</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>	<u>Fair Value</u>
Bond Mutual Funds	\$ -	\$ 4,468,509	\$ 4,468,509
International Equity Fund	4,557,937	-	4,557,937
Equity Securities	5,703,190	-	5,703,190
Equity Mutual Funds	-	3,213,634	3,213,634
Real Estate Investments	2,757,840	-	2,757,840
Timber	1,156,793	-	1,156,793
Alternative Investments	<u>6,989,797</u>	<u>-</u>	<u>6,989,797</u>
	<u>\$21,165,557</u>	<u>\$ 7,682,143</u>	<u>\$28,847,700</u>

Risks are minimized by the Northbridge Contributory Retirement System investing its funds in the State managed PRIT external investment pool.

Interest Rate Risk of Debt Securities – Investments

Interest rate risk of debt securities for investments is the risk that change in interest rates of debt securities will adversely affect the fair value of an investment. The NCRS does not have a policy for interest rate risk of debt securities.

Credit Risk of Debt Securities – Investments

Credit risk of debt securities for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation. The NCRS does not have a policy for credit risk of debt securities.

As of December 31, 2014, the credit quality ratings of the NCRS's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Rating Unrated</u>
Bond Mutual Funds	<u>\$ 4,468,509</u>	<u>\$ 4,468,509</u>

6 - PENSION PLANS

Northbridge Contributory Retirement System

Plan Description and Provisions

The Town provides pension benefits for substantially all employees except School Department employees and certain school administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute, through the Northbridge Contributory Retirement System (NCRS), a cost sharing multiple-employer defined benefit pension plan established under the Massachusetts Contributory Retirement Law and administered by the NCRS Board. The system also covers eligible employees of the Northbridge Housing Authority.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Membership in the System is mandatory immediately upon commencement of employment for all permanent employees working a minimum of 20 hours per week.

NCRS benefits are, with certain exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year annual rate of compensation for those hired prior to April 2, 2012 and the highest five-year average for members hired after that date. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Active members contribute between 5 and 11% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System. Administrative expenses are paid from investment income.

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

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

At January 1, 2014, the System's membership consisted of the following:

Active Members	204
Inactive Members	52
Retirees and Beneficiaries Currently Receiving Benefits	<u>110</u>
	366
	<u> </u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2015, the Town reported a liability of \$13,341,756 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2014, the Town's proportion was 99.36 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,381,215. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between expected and actual earnings on pension plan investments	\$ 80,304	\$ -
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-

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

Inflation rate	3.00%
Salary increases	2.00%
Investment rate of return	8.00%

Mortality rates were based on the RP-2000 Employee Mortality Table with Scale BB.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core bonds	13.00%	0.97%
Value added bonds	10.00%	3.80%
Large cap equities	14.50%	4.61%
Mid/small cap equities	3.50%	4.85%
International equities	16.00%	5.10%
Emerging market equities	6.00%	6.31%
Private equity	10.00%	6.55%
Real estate	10.00%	3.40%
Timber/natural resources	4.00%	3.64%
Hedge funds	9.00%	3.64%
Cash/portfolio completion	4.00%	0.00%
Total	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1 percentage-point higher (9.0%) than the current rate:

<u>Fiscal Year</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>Ended</u>	<u>(7.0%)</u>	<u>(8.0%)</u>	<u>(9.0%)</u>
June 30, 2015	\$ 18,246,019	\$ 13,341,756	\$ 9,356,803

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1 percentage-point higher (9.0%) than the current rate:

Fiscal Year	1% Decrease	Current	1% Increase
<u>Ended</u>	<u>(7.0%)</u>	<u>Discount Rate</u>	<u>(9.0%)</u>
		<u>(8.0%)</u>	
June 30, 2015	\$ 18,363,545	\$ 13,427,693	\$ 9,417,072

Massachusetts Teachers' Retirement System, a Noncontributing Employer Plan

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members-two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975.....	5% of regular compensation
1975 – 1983.....	7% of regular compensation
1984 to 6/30/1996.....	8% of regular compensation
7/1/1996 to present.....	9% of regular compensation
7/1/2001 to present.....	11% of regular compensation
1979 to present.....	An additional 2% of regular compensation in excess of \$30,000

Special funding situation. The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer. Payments made by the Commonwealth of Massachusetts on behalf of the Town amounted to \$2,652,514 in fiscal 2015 and are reflected as revenues and corresponding expenditures in the Town's financial statements.

Actuarial assumptions. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. This valuation used the following assumptions:

1. (a) 8% investment rate of return, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3% cost of living increase per year.
2. Salary increases are based on analysis of past experience but range from 4.0% to 7.5% depending on length of service.
3. Mortality rates were as follows:
 - Pre-retirement – reflects RP-2000 Employees table adjusted for “white-collar” employment projected 22 years with Scale AA (gender distinct)
 - Post-retirement – reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct)
 - Disability –reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.0%	7.2%
Core Fixed Income	13.0%	2.5%
Hedge Funds	10.0%	5.5%
Private Equity	10.0%	8.8%
Real Estate	10.0%	6.3%
Value Added Fixed Income	10.0%	6.3%
Timber/Natural Resources	<u>4.0%</u>	5.0%
Total	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity analysis. The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease to 7%</u>	<u>Current Discount Rate 8%</u>	<u>1% Increase to 9%</u>
June 30, 2014	\$20,247,000,000	\$15,896,000,000	\$12,200,000,000

Annual Pension Cost

For 2015, the Town's annual pension cost of \$4,018,686 was equal to the Towns' required and actual contributions of \$1,366,172 and the Commonwealth's on-behalf contribution of \$2,652,514.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - POST RETIREMENT BENEFITS

The Town pays 75 percent of the cost of insurance premiums for health benefits for all personnel who attain retirement age while in the employment of the Town, except for Medicare eligible employees for which the Town contributes 68%. These costs are appropriated and expended in the fiscal year incurred. For fiscal year ended June 30, 2015, there were 284 retirees receiving benefits and the approximate cost to the Town was \$1,400,260.

8 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 3,283,408	\$ 268,300	\$ -	\$ 3,551,708
Construction in Progress	<u>139,739</u>	<u>9,361</u>	<u>149,100</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,423,147</u>	<u>277,661</u>	<u>149,100</u>	<u>3,551,708</u>
Capital assets, being depreciated				
Buildings	31,115,231	83,600	-	31,198,831
Improvements other than buildings	4,613,477	-	-	4,613,477
Machinery and equipment	5,217,053	276,612	127,482	5,366,183
Infrastructure	<u>61,926,797</u>	<u>-</u>	<u>-</u>	<u>61,926,797</u>
Total capital assets, being depreciated	<u>102,872,558</u>	<u>360,212</u>	<u>127,482</u>	<u>103,105,288</u>
Less accumulated depreciation for:				
Buildings	11,720,648	712,072	-	12,432,720
Improvements other than buildings	3,034,365	40,701	-	3,075,066
Machinery and equipment	3,011,790	440,097	109,305	3,342,582
Infrastructure	<u>53,909,363</u>	<u>651,502</u>	<u>-</u>	<u>54,560,865</u>
Total accumulated depreciation	<u>71,676,166</u>	<u>1,844,372</u>	<u>109,305</u>	<u>73,411,233</u>
Total capital assets, being depreciated, net	<u>31,196,392</u>	<u>(1,484,160)</u>	<u>(18,177)</u>	<u>29,694,055</u>
Governmental activities capital, assets net of accumulated depreciation	<u>\$34,619,539</u>	<u>\$(1,206,499)</u>	<u>\$ (167,277)</u>	<u>\$33,245,763</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 87,315	\$ -	\$ -	\$ 87,315
Construction in Progress	<u>-</u>	<u>645,996</u>	<u>-</u>	<u>645,996</u>
Total capital assets, not being depreciated	<u>87,315</u>	<u>645,996</u>	<u>-</u>	<u>733,311</u>
Capital assets, being depreciated				
Buildings	9,710,764	-	-	9,710,764
Improvements of than buildings	375,740	-	-	375,740
Machinery and equipment	417,896	-	-	417,896
Infrastructure	<u>8,566,053</u>	<u>-</u>	<u>-</u>	<u>8,566,053</u>
Total capital assets, being depreciated	<u>19,070,453</u>	<u>-</u>	<u>-</u>	<u>19,070,453</u>
Less accumulated depreciation for:				
Buildings	2,762,682	242,769	-	3,005,451
Improvements other than buildings	274,347	7,515	-	281,862
Machinery and equipment	417,896	-	-	417,896
Infrastructure	<u>2,875,103</u>	<u>171,321</u>	<u>-</u>	<u>3,046,424</u>
Total accumulated depreciation	<u>6,330,028</u>	<u>421,605</u>	<u>-</u>	<u>6,751,633</u>
Total capital assets, being depreciated, net	<u>12,740,425</u>	<u>(421,605)</u>	<u>-</u>	<u>12,318,820</u>
Business-type activities capital, assets net of accumulated depreciation	<u>\$12,827,740</u>	<u>\$ 224,391</u>	<u>\$ -</u>	<u>\$13,052,131</u>

Depreciation expense was charged as direct expenses to programs of the primary government as follows:

Government activities:

General government	\$ 124,680
Public safety	250,466
Education	1,164,352
Public works	244,195
Recreation & Cultural	40,022
Health & Human Services	<u>20,657</u>

Total depreciation expense – Government activities \$1,844,372

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Business-type activities:

Water	\$ 52,448
Sewer	<u>369,157</u>

Total depreciation expense – Business-type activities \$ 421,605

9 - ACCOUNTS RECEIVABLE

At June 30, 2015, receivables, including applicable allowances for uncollectible amounts are as follows:

Governmental Funds:

	<u>Gross Amount</u>	<u>Allowances for Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes	\$ 1,069,472	\$ (218,701)	\$ 850,771
Tax liens and possessions	185,003	-	185,003
Motor vehicle and other excise taxes	343,739	(121,884)	221,855
Title V and other	36,732	(7,848)	28,884
Ambulance	614,575	(92,185)	522,390
Intergovernmental	<u>5,873</u>	<u>-</u>	<u>5,873</u>
	<u>\$ 2,255,394</u>	<u>\$ (440,618)</u>	<u>\$ 1,814,776</u>

Business-type Funds:

	<u>Gross Amount</u>	<u>Allowances for Uncollectibles</u>	<u>Net Amount</u>
Utility liens and other	\$ 101,737	\$ -	\$ 101,737
User charges	567,582	-	567,582
Special assessments	152,728	-	152,728
Intergovernmental	<u>1,340,957</u>	<u>-</u>	<u>1,340,957</u>
	<u>\$ 2,163,004</u>	<u>\$ -</u>	<u>\$ 2,163,004</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Town to close its landfill sites and to perform certain maintenance and monitoring at the site after closure. The Town has stopped accepting waste and closed the sites. The Town has reflected \$252,700 as the estimate of the landfill maintenance and monitoring costs as a liability at June 30, 2015, in the government-wide financial statements. The amount is based on estimates of what it would cost to perform all future postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in conditions.

11 - LONG-TERM OBLIGATIONS

Unmatured general obligation bonds and notes payable consist of the following:

Bonds:

<u>Purpose of Issue</u>	<u>Governmental</u>	<u>Business-type</u>
High School Land, serial issue maturities through 2019, bearing interest rates of 3.5% to 5.25%	\$ 360,000	\$ -
MWPAT Title V Septic, serial issue maturities through 2022, bearing interest rates of 3% to 5%	37,714	-
MWPAT Title V Septic, serial issue maturities through 2019, bearing interest rates of 3.5% to 5%	52,105	-
Multi-Purpose Issue of 2008, serial issue maturities through 2027, bearing interest rates of 3.25% to 5%	1,683,000	1,097,000
Municipal Purpose Bond, serial issue maturities through 2029, bearing interest rates of 2.25% to 4%	355,000	2,330,000
MWPAT Sewer, serial issue maturities through 2021, bearing interest rates of 3.5% to 5%	-	2,445,000
MWPAT Sewer, serial issue maturities through 2020, bearing interest rates of 4.5% to 5.25%	-	560,000
MWPAT Sewer, serial issue maturities through 2019, bearing interest rates of 4.38% to 5.5%	-	190,000
MWPAT Sewer, serial issue maturities through 2018, bearing interest rates of 4% to 5%	-	105,000
	<u>2,487,819</u>	<u>6,727,000</u>
Bond Anticipation Notes:	<u>-</u>	<u>-</u>
	<u>\$ 2,487,819</u>	<u>\$ 6,727,000</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

General Obligation Bonds

General obligation bonds are backed by the full faith and credit of the Town. The state has approved school construction assistance subject to annual appropriation by the legislature to partially provide resources for future principal and interest requirements.

Bond anticipation notes are classified as general obligation bonds when the criteria established by FASB-6, *Classification of Short-Term Obligations Expected to be Refinanced*, are satisfied.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Town to rebate excess arbitrage earnings from bond proceeds to the federal government.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

Transactions for the year ended June 30, 2015 are summarized as follows:

	<u>Balance July 1</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 2,380,116	\$ 355,000	\$ 247,297	\$ 2,487,819	\$ 612,108
General Obligation BANS	-	-	-	-	-
OPEB Obligation	22,667,358	3,923,255	-	26,590,613	-
Landfill Postclosure Care Costs	266,000	-	13,300	252,700	13,300
Compensated Absences	<u>775,372</u>	<u>20,296</u>	<u>-</u>	<u>795,668</u>	<u>-</u>
Total governmental activities	<u>26,088,846</u>	<u>4,298,551</u>	<u>260,597</u>	<u>30,126,800</u>	<u>625,408</u>
<u>Business- Type Activities</u>					
General Obligation Bonds-Sewer	5,004,400	1,820,000	607,400	6,217,000	748,100
General Obligation BANS-Sewer	1,453,000	-	1,453,000	-	-
General Obligation Bonds-Water	-	510,000	-	510,000	35,000
Compensated Absences - Water	-	-	-	-	-
Compensated Absences - Sewer	<u>26,469</u>	<u>1,660</u>	<u>-</u>	<u>28,129</u>	<u>-</u>
Total business-type activities	<u>6,483,869</u>	<u>2,331,660</u>	<u>2,060,400</u>	<u>6,755,129</u>	<u>783,100</u>
Total government	<u>\$33,372,715</u>	<u>\$ 6,630,211</u>	<u>\$2,320,997</u>	<u>\$36,881,929</u>	<u>\$1,408,500</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to June 30, 2015 are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 612,108	\$ 81,471	\$ 783,100	\$ 246,177	\$ 1,722,856
2017	247,108	76,060	798,900	229,481	1,351,549
2018	242,108	64,526	814,600	184,845	1,306,079
2019	242,108	54,043	835,400	140,111	1,271,662
2020	157,108	45,349	823,000	99,155	1,124,612
2021 - 2025	718,279	139,844	1,821,000	252,868	2,931,991
2026 - 2027	<u>269,000</u>	<u>16,359</u>	<u>851,000</u>	<u>65,786</u>	<u>1,202,145</u>
	2,487,819	477,652	6,727,000	1,218,423	10,910,894
Bond Anticipation Notes	-	-	-	-	-
Total	<u>\$ 2,487,819</u>	<u>\$ 477,652</u>	<u>\$ 6,727,000</u>	<u>\$ 1,218,423</u>	<u>\$ 10,910,894</u>

Loan Subsidy –

The Town receives subsidy assistance from the Massachusetts Water Pollution Abatement Trust (MWPAT) for various sewer construction projects and Title V septic loans. Interest and a portion of the principal on the outstanding bonds for the MWPAT are subsidized over the life of the bonds to assist the Town in repayment of this future debt. During fiscal 2015, the Town's subsidy totaled \$280,161; \$5,219 for governmental funds and \$274,942 for the sewer enterprise fund. Future subsidies total approximately \$1,355,711. The amount of MWPAT bonds outstanding at June 30, 2015, amounted to \$3,389,819.

Temporary Borrowings

Under state law and by authorization of the Board of Selectmen, the Town is authorized to borrow on a temporary basis to fund the following:

- (1) Current operating costs prior to the collection of revenues through the issuance of revenue or tax anticipation notes (RANs or TANs).
- (2) Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs).
- (3) Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through issuance of Federal and state aid anticipation notes (FANs and SANs).

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Bonds Authorized and Unissued

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 2-1/2% and 5%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there may be categories of general obligation debt which are exempt from the debt limit but are subject to other limitations, including debt incurred under the Funding Loan Act of 1971.

As of June 30, 2015, the Town has the following authorized and unissued debt:

<u>Description</u>	<u>Amount</u>
Sutton Street Sewer	\$ 961,800
D & C Sutton St. Sewer and Water	291,850
School Repairs	65,000
Sewer Interceptor	335,000
Sewer Siphon	80,000
Sewer Title V Program	200,000
Wastewater Treatment Facility	176,297
Wastewater Treatment Facility Upgrade	20,000
Municipal Building Roofs	<u>1,195,000</u>
Total	\$ <u>3,324,947</u>

12 - CONTINGENCIES

The Town is a party to numerous legal proceedings, many of which normally occur in governmental operations. The legal proceedings, in the opinion of Town Counsel, are not likely to have a material adverse impact on the Town's financial position.

The Town is contingently liable for its proportionate share of debt of the Blackstone Valley Vocation Regional School.

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

13 - RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; workers compensation claims; errors and omissions; and natural disasters for which the Town carries commercial insurance.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS AND FUND DEFICITS

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations for public works. These over-expenditures will be funded by taxes during fiscal 2015.

15 – INTERFUND TRANSFERS

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

<u>Transfers Out</u>	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Water Enterprise Fund</u>	<u>Sewer Enterprise Fund</u>	<u>Total</u>	
General Fund	\$ -	\$ 389,257	\$ 8,471	\$ -	\$ 397,728	(1)
Sewer Enterprise Fund	180,000	-	-	-	180,000	(2)
Water Enterprise Fund	35,000	-	-	-	35,000	(3)
Nonmajor Governmental Funds	<u>767,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,391</u>	(4)
	<u>\$ 982,391</u>	<u>\$ 389,257</u>	<u>\$ 8,471</u>	<u>\$ -</u>	<u>\$1,380,119</u>	

(1) Represents budgeted transfers to nonmajor compensated absences fund (\$49,750), building maintenance fund (\$39,507) and highway road maintenance fund (\$300,000) and water enterprise fund (\$8,471).

(2) Represents budgeted transfer of sewer fund indirect costs (\$180,000).

(3) Represents budgeted transfer of water fund indirect costs (\$35,000).

(4) Represents budgeted transfer from nonmajor Title V repayment fund (\$15,297), ambulance receipts reserved fund (\$686,553), wetlands protection fund (\$5,000), sealer of weights and measures (\$1,500), parking tickets fund (\$5,000) cemetery trust fund (\$5,000), building maintenance fund (\$39,213) and nonbudgeted transfer from nonmajor grant fund (\$9,828).

16 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The Town provides health insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefits Other Post Employment Benefit (OPEB) plan. Chapter 32B of the Massachusetts General Laws (MGL) assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of January 1, 2015, the latest actuarial valuation, is as follows:

Active employees.....	385
Retired employees and beneficiaries.....	<u>213</u>
Total	<u>598</u>

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

Funding Policy – The contribution requirements of the Plan and the Town are negotiated between the Town and union representatives. The current required health insurance contribution rates of Plan members and the Town varies based upon the type of plan selected and whether the selection is a single plan or a family plan. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

Annual OPEB 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 the parameters set forth in GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table:

Normal cost	\$ 2,514,635
Amortization of unfunded actuarial accrued liability	2,974,710
Interest on OPEB obligation	1,185,135
Adjustments to ARC	(1,150,469)
	5,524,011
Contributions made	<u>1,600,756</u>
Increase in net OPEB obligation	3,923,255
Net OPEB obligation, beginning of year	<u>22,667,358</u>
Net OPEB obligation, end of year	<u><u>\$26,590,613</u></u>

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

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost</u> <u>Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2015	\$5,524,011	28.98%	\$26,590,613
6/30/2014	6,212,466	26.53%	22,667,358
6/30/2013	5,808,783	25.43%	18,103,093
6/30/2012	5,953,159	36.79%	13,771,755
6/30/2011	5,848,417	40.00%	10,008,653

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Funding Status and Funding Progress – The funding status of the Plan on June 30, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A)/C
01/01/15	\$ -	\$67,063,950	\$67,063,950	\$ -	\$15,400,000	435.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Valuation date:	January 1, 2015
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percentage of Payroll
Remaining amortization period:	26.07 Years
Interest discount rate:	4%
Healthcare/medical cost trend rate:	9.0% for 2015 decreasing to 5% in 2023 and thereafter

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

17 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Restricted For:</u>			
Gifts and donations	-	439,435	439,435
Trust funds	-	504,870	504,870
Debt service	355,000	-	355,000
Federal and state grants	<u>-</u>	<u>525,180</u>	<u>525,180</u>
Total Restricted	<u>355,000</u>	<u>1,469,485</u>	<u>1,824,485</u>
<u>Committed To:</u>			
Capital projects fund	-	133,233	133,233
Carryover articles	553,379	-	553,379
Designated for fiscal 2016	<u>916,849</u>	<u>-</u>	<u>916,849</u>
Total Committed	<u>1,470,228</u>	<u>133,233</u>	<u>1,603,461</u>
<u>Assigned:</u>			
Revolving accounts	-	3,906,294	3,906,294
Encumbrances	104,454	-	104,454
Stabilization funds	<u>2,500,991</u>	<u>-</u>	<u>2,500,991</u>
Total Assigned	<u>2,605,445</u>	<u>3,906,294</u>	<u>6,511,739</u>
<u>Unassigned:</u>	<u>2,219,683</u>	<u>-</u>	<u>2,219,683</u>
Total Fund Balances	<u>\$6,650,356</u>	<u>\$5,509,012</u>	<u>\$12,159,368</u>

The Town has established by ordinance two stabilization funds, a general stabilization fund and an insurance stabilization fund within the general fund and is reported within the assigned fund balance classifications.

TOWN OF NORTHBRIDGE, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

18 – DEFERRED INFLOWS AND OUTFLOW OF RESOURCES

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

The deferred inflow of resources balance at June 30, 2015 consists of deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The balance of the general fund deferred inflow of resources account is equal to the total of all June 30, 2015 receivable balances, except real and personal property taxes that are accrued for subsequent 60 day collections.

The deferred outflow of resources balance as of June 30, 2015 consists of the Town's proportionate share of the NCRS net difference between projected and actual investment earnings on pension plan investments. This difference is being amortized over five years.

19 – BEGINNING NET POSITION RESTATEMENT

The Town implemented GASB Statement No. 68 in fiscal 2015. As a result of this implementation, the beginning (July 1, 2014) net position of the Town has been restated as follows:

Government-Wide financial statements:

	Governmental <u>Activities</u>
As previously reported	\$ 20,182,421
Net pension liability	<u>(13,234,684)</u>
As restated	<u>\$ 6,947,737</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF THE CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
NORTHBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

	<u>2015</u>
TOTAL PENSION LIABILITY:	
Service cost	\$ 1,073,000
Interest	3,230,000
Change of benefit terms	-
Differences between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(2,389,000)</u>
Net change in total pension liability	1,914,000
Total pension liability - beginning of year	<u>40,493,000</u>
Total pension liability - end of year	<u><u>\$ 42,407,000</u></u>
PLAN FIDUCIARY NET POSITION:	
Contributions - employer	\$ 1,375,000
Contributions - employee	883,000
Net investment income	2,031,000
Benefit payments, including refunds of member contributions	(2,389,000)
Administrative expenses	<u>(109,000)</u>
Net change in plan fiduciary net position	1,791,000
Plan fiduciary net position - beginning of year	27,189,000
Plan fiduciary net position - end of year	<u><u>\$ 28,980,000</u></u>
Net pension liability	<u><u>\$ 13,427,000</u></u>
Plan fiduciary net position as a percentage of the total pension liability	68.3%
Covered-employee payroll	\$ 8,497,000
Net pension liability as a percentage of covered-employee payroll	158.0%

See accompanying auditors report

TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NORTHBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,374,972	\$ 1,322,618	\$ 1,172,299	\$ 1,133,399	\$ 1,107,595
Contributions in relation to the actuarially determined contribution	1,374,972	1,322,618	1,172,299	1,133,399	1,107,595
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,497,488	\$ 8,222,037	7,828,589	\$ 7,298,729	\$ 6,202,000
Contributions as a percentage of covered-employee payroll	16.2%	16.1%	15.0%	15.5%	17.9%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 1,083,201	\$ 1,043,809	\$ 1,006,062	\$ 972,181	\$ 933,250
Contributions in relation to the actuarially determined contribution	1,083,201	1,043,809	1,000,026	972,181	933,250
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,001,125	\$ 5,494,417	\$ 5,333,893	\$ 5,009,891	\$ 4,536,647
Contributions as a percentage of covered-employee payroll	18.0%	19.0%	18.7%	19.4%	20.6%

SCHEDULE OF INVESTMENT RETURNS
NORTHBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses	7.35%

See accompanying auditors report

TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
NORTHBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

	<u>2015</u>
Town's proportion of the net pension liability	99.36%
Town's proportionate share of the net pension liability	\$ 13,341,756
Town's covered-employee payroll	8,442,862
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	158.00%
Plan fiduciary net position as a percentage of the total pension liability	68.30%

SCHEDULE OF TOWN'S CONTRIBUTIONS
NORTHBRIDGE CONTRIBUTORY RETIREMENT SYSTEM

Actuarially required contribution	\$ 1,366,172
Contribution in relation to the actuarially required contribution	<u>1,366,172</u>
Contribution deficiency(excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 8,442,862
Contributions as a percentage of covered-employee payroll	16.18%

See accompanying auditors report

TOWN OF NORTHBRIDGE, MASSACHUSETTS
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

	<u>2015</u>
Employer's proportionate percentage of the net pension liability	0.00000%
Employer's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	38,179,506
Total	<u><u>\$ 38,179,506</u></u>

SCHEDULE OF TOWN'S CONTRIBUTIONS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Town's proportionate share of the Massachusetts' Teachers Retirement System pension expense funded by the Commonwealth of Massachusetts on behalf of the Town	<u><u>\$ 2,652,514</u></u>
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This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, the information is presented for those years
for which information is available.

See accompanying auditors report

TOWN OF NORTHBRIDGE, MASSACHUSETTS

Management Letter

For the Year Ended June 30, 2015

To the Honorable Board of Selectmen
Town of Northbridge
Northbridge, Massachusetts

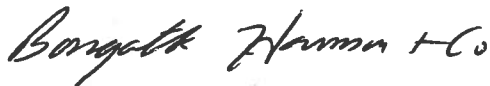
We have audited the basic financial statements of the Town of Northbridge, Massachusetts, as of and for the year ended June 30, 2015, and have issued our reports thereon dated April 29, 2016. As part of our audit, we made a study and evaluation of the Town's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluations is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and not to provide assurance on internal control.

The management of the Town of Northbridge is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by them are required to assess the expected benefits and related costs of control procedures. The objectives of such a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with required authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may still occur without being detected. Also, projection of any evaluation of the system to future periods is subject to the risks that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was not designed for the purpose of expressing an opinion on the internal accounting control and would not necessarily disclose all weaknesses in the system. However, as a result of our study and evaluation, and in an effort to be of assistance to the Town, we are submitting for your consideration comments and recommendations intended to improve operations and internal accounting control.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.



Borgatti Harrison & Co.

Framingham, Massachusetts

April 29, 2016

PRIOR YEAR RECOMMENDATIONS:

The following recommendations were made in the prior year and remain unresolved or in process of being resolved.

1. Tax Title Accounts

Comment:

The Tax Collector has not placed into tax title either new takings or subsequent takings in five years. The placing of outstanding real estate taxes into tax title is the process of recording a lien at the Registry of Deeds on the property to secure the Town's position for the unpaid taxes.

Recommendation:

We recommend that the Tax Collector follow Massachusetts General Laws regarding the recording of tax liens on uncollected real estate taxes every year. The other advantage to the Town for doing this besides securing the eventual collection of the past due taxes is that MGL allows interest charged while in tax title at a higher rate than the rate that is allowed while just a regular account receivable.

Management's Response:

With the assistance of the Town Accountant and the Town's tax-title attorney, we have begun to identify the properties that will need to be put in Tax-title and will take the appropriate steps to ensure this process continues on an annual basis. The first step is to get the oldest properties in, then work our way to the more current ones. The Treasurer, with the help of the Tax-title attorney, have to date collected approximately \$400,000 prior to putting the properties in tax-title. The collection of these funds prior to the Tax-Title process means additional funds can now be allocated toward additional properties. The final few steps are occurring in the next few weeks, which will include advertising in the local paper, a final letter, then transferring the delinquent accounts into tax-title along with recording at the Registry of Deeds.

2. Stabilization Funds

Comment:

We noted that the general ledger balances for the general stabilization account and the insurance stabilization account do not equal the investment balances with Bartholomew & Co. and MMDT. We also noted that the funds invested with MMDT bear interest rate of approximately .2%.

Recommendation:

The Treasurer and the Town Accountant should reconcile these accounts before June 30, 2016. In addition, the Treasurer should consider a more aggressive investment portfolio for these long-term accounts. Bartholomew & Co. has extensive knowledge in the legal investment options.

Management's Response:

Management acknowledges that these accounts should be reconciled before year end, in order to ensure the correct balance are maintained in each account. The Treasurer/Collector and the Town Accountant have met with Bartholomew & Co regarding the interest rates and how the Town has invested those funds in the past and things we can do moving forward to help the town maximize the investment potential while safeguarding the assets of the Town.

3. Developer Escrow Accounts

Comment:

We noted that many of the escrow accounts balances do not agree with the corresponding bank account balance.

Recommendation:

We recommend that the Treasurer and the Town Accountant reconcile these differences before June 30, 2016.

Management's Response:

We have identified the escrow accounts whose balances don't agree with the corresponding bank account balances. We will be working with the various banks to move the appropriate funds so they agree to the General Ledger.

CURRENT YEAR RECOMMENDATIONS

1. Prepare for New Single Audit Requirements

Comment:

In fiscal year 2016, there will be significant new requirements related to single audits. In addition to raising the threshold for requiring a single audit from \$500,000 to \$750,000 in federal expenditures, there are new requirements of OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for single audits. The major changes are in the areas of Financial and Program Management, Property Standards for Equipment, Procurement and Subrecipient Monitoring.

Recommendation:

We recommend that the Town prepare for the single audit changes by training staff and establishing and/or documenting policies and procedures in these areas. This will help the Town to minimize the risk of new single audit compliance findings in fiscal year 2016.

Management's Response:

The Town Accountant will work with the Town Auditor and the other department heads to begin implementation of the new single Audit requirements. This will include researching the various changes that need to be followed with respect to how the Grant is implemented, procurement and equipment standards.

2. Prepare for New GASB 74 and 75 Reporting Requirements

Comment:

GASB Statements 74 and 75 reflect a fundamental overhaul in the standards for accounting and financial reporting for postemployment benefits other than pensions (OPEB). They will replace the current GASB 43 and 45 and many of the provisions of GASB Statements 74 and 75 for OPEB are parallel to the provisions of GASB 67 and 68 for pensions.

The new statements are effective for years beginning after June 15, 2016 for Plans and for years beginning after June 15, 2017 for employers.

Recommendation:

We recommend that the Town prepare for these new GASB Statements, starting with a conversation with the Town's actuary consultant for the OPEB valuations.

Management's Response:

The Town Accountant has been working on this when it was made aware to him at the MMAAA Annual Meeting in March. Since that time, he has contacted the Town Auditor who has given him additional information on the new requirements. He has since reached out to the Actuary who has done the OPEB Valuation in the past. They recommend we postpone early implementation of GASB 74 simply because it will put additional liability on the financial statements. In delaying this, we will work on putting additional funds into the Trust, which will help to minimize the impact when the Town fully implements all of the Statements listed above. We will continue to work with the Actuary in carrying out both of these Statements, as it will affect the study scheduled to be done on 1/1/17.

3. Grant Audit Findings

Comment:

As required by the Single Audit Act, we selected grants to be audited for compliance with the compliance requirements as listed in the *Compliance Supplement* of the OMB Circular A-133. Our audits indicated a couple of compliance findings. Normally these findings would be listed in the *Schedule of Findings and Questioned Costs* of the Reports Pursuant to Government Auditing Standards and OMB Circular A-133. However, the Massachusetts Department of Elementary and Secondary Education (DESE) happened to audit these same grants during fiscal 2015 and reported the same findings. The Northbridge School Department was required to, and did, prepare and file corrective action plans for each of DESE's audit findings prior to our audit. Therefore, we are not considering these findings reportable at June 30, 2015.

Recommendation:

We recommend that the School Department continue to review its policies and procedures over grants, especially in light of the new Single Audit Requirements under the *Uniform Guidance*, as discussed in comment number 1 above.

Management's Response:

On May 28, 2015, the Department of Elementary and Secondary Education (DESE) notified the District that certain actions were required as a result of DESE's FY15 Title I Program Review. The District took follow up actions and submitted evidence to the DESE documenting such. On November 6, 2015 the DESE notified the District that the DESE had reviewed all information submitted by the District and had determined that the District had provided sufficient evidence that the District had taken all required actions outlined in the May notice.

As the result on an Administrative Review of the Food Service Program by DESE on April 8, 2015, the District was made aware of some areas within the program that needed improvement. The District completed and submitted to DESE a Corrective Action Plan to address these areas. On November 19, 2015 the District was notified that the Corrective Action Plan submitted was accepted and that the issues identified had adequately been addressed.

Melissa Wetherbee

From: Megan DiPrete <mdiprete@blackstoneheritagecorridor.org>
Sent: Thursday, June 02, 2016 2:05 PM
To: tkozak@northbridgemass.org; Melissa Wetherbee
Cc: Jamie C. Luchini; gbechtholdt@northbridgemass.org; James Shuris
Subject: Additional Info for 6/6 Meeting - grant application

F

Ted

As you requested, I am pleased to provide some additional information about the grant funds BHC is pursuing.

The application will seek about \$20,000 in grant funds to purchase materials to improve the Mumford River Walk as it exists along Linwood Ave. for a distance of approximately 1,600 feet. The project does not currently include work that is off-road.

Work involves stripping the existing surface, installing/levelling with stone dust, and installing 4x4 posts along the road with heavy chain spanning between them. Additionally, the application will seek funding for a small amount of vegetation to help stabilize any particularly vulnerable areas encountered in the project.

Many MANY thanks to Jamie Luchini for providing some great cost estimates!

I look forward to following up with you next week.

Megan

We have moved to Whitinsville! Our new address and phone number are listed below.

Megan T. DiPrete
Deputy Director



Blackstone Heritage Corridor, Inc.
670 Linwood Ave.
Whitinsville, MA 01588
508-234-4242 ext. 102
BlackstoneHeritageCorridor.org

The Blackstone Heritage Corridor works with community partners to preserve and promote the Valley's historic, cultural, natural and recreational resources for current and future generations.

From: Megan DiPrete
Sent: Tuesday, May 31, 2016 3:16 PM
To: 'tkozak@northbridgemass.org' <tkozak@northbridgemass.org>; 'mwetherbee@northbridgemass.org' <mwetherbee@northbridgemass.org>
Cc: 'jluchini@northbridgemass.org' <jluchini@northbridgemass.org>; Gary Bechtholdt (Northbridge)

Melissa Wetherbee

From: Megan DiPrete <mdiprete@blackstoneheritagecorridor.org>
Sent: Tuesday, May 31, 2016 3:16 PM
To: tkozak@northbridgemass.org; Melissa Wetherbee
Cc: Jamie C. Luchini; gbechtholdt@northbridgemass.org; James Shuris
Subject: For 6/6 Selectmen Meeting - grant application

Hello Ted

Thanks for meeting with me today, as well as Jim, Jamie and Gary. As discussed, in order to file the application for grant funds, we would need a vote from the Selectmen *to support the application for grant funds to improve the Mumford River Walk along a portion of Linwood Ave. in Northbridge, MA.*

The grant funding is being made available through the National Park Service Rivers Trails and Conservation Assistance (RTCA) program and the application will be developed by the Blackstone Heritage Corridor. The proposal will seek funds to refresh the existing river-walk trail with stone dust, signage, 4x4 posts (with chain) to mark the separation between the roadway and the walkway, and perhaps some limited signage and plantings.

No town fund is needed. The application is due by the end of June.

I will work with Jamie over the next few days to estimate materials and funding needs for this project.

Many thanks!
Megan

We have moved! Our new address and phone number in Whitinsville are listed below.

Megan T. DiPrete
Deputy Director



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