

**TOWN OF MANSFIELD, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**INDEPENDENT AUDITORS REPORT**

To the Honorable Board of Selectmen  
Town of Mansfield, Massachusetts

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Mansfield'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 from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mansfield, Massachusetts, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and employer contributions and other post-employment benefits – schedules of funding progress and employer contributions on pages 3-10, 62 and 63 – 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in 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 February 13, 2015, on our consideration of the Town of Mansfield, 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 results of that testing, and not to provide an opinion on 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 Town of Mansfield, Massachusetts's internal control over financial reporting and compliance.

R.E. Brown & Company

February 13, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Mansfield (the Town), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in this report. Throughout this Management's Discussion and Analysis, we have rounded off amounts and percentages for the purpose of convenience.

### **Overview of the Financial Statements:**

This discussion and analysis is 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
3. Notes to the basic financial statements.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenues and expenses 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, human services, culture and recreation, employee benefits, interest and state and county charges. The business type activities include costs relating to water, sewer, electric light, airport, and commuter parking activities.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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, governmental funds 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.

Since the focus of governmental funds financial statements 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Mansfield adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

*Proprietary Funds* - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has five (5) enterprise funds:

- *Water Enterprise Fund* accounts for the water activity of the Town.
- *Sewer Enterprise Fund* accounts for the sewer activity of the Town.
- *Airport Enterprise Fund* accounts for the airport activity of the Town.
- *Electric Light Enterprise Fund* accounts for the electric activity of the Town.
- *Commuter Parking Enterprise Fund* accounts for the commuter rail parking lot activity of the Town.

*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.

Private-purpose trust funds, post employment benefits trust fund, and agency funds are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds", "post employment benefits trust fund" and "agency funds", respectively.

An Other Post-Employment Benefits (OPEB) private purpose trust fund was created and funded by the Town beginning in FY2010. This private purpose trust fund was created to comply with the Governmental Accounting Standards Board Statement No.45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (GASB 45). The Town previously accounted for post-employment benefits for non-pension liabilities (including health, dental, and life insurances) on a "pay-as-you-go" basis; the current costs charged were reported in the financial statements as incurred and there was no future cost accrual on the financial statements. The new GASB 45 presentation reclassifies the current portion of the prior year's OPEB liability to non-current for better comparison purposes. The Town's future funding for the OPEB private purpose trust is discussed further in the section entitled "Economic Factors and Next Year's Budget".

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

### ***Government-wide Financial Analysis:***

The table on the following page summarizes key financial components of the Town's Statement of Net Position.

Net position of \$126.7 million reflect the Town's investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. 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 needed to repay this 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 position totaling \$14.9 million represents resources that are subject to external restrictions on how they may be used. The restricted net position relate to both governmental and business-type activities.

Total net position decreased from \$152.6 to \$148.9 from the prior fiscal year, a net decrease of \$3.75 million or 2.46%. Of this net decrease, governmental activities net position decreased by \$4.53 million or 8.84%, while business-type activities net position increased by \$0.78 million, or 0.78% (which was mostly attributable to the electric light and water enterprise fund). An increase in net position means that the change in total assets exceeded the change in total liabilities. A decrease in net position means that the change in total liabilities exceeded the change in total assets. The Town's total liabilities increased by \$4.0 million, or 4.7% from the previous fiscal year, while the Town's total assets increased by \$0.2 million, or 0.1% from the previous year.

**Town of Mansfield  
Financial Highlights  
Condensed Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
<b>Assets:</b>						
Current assets	\$ 29,936,325	\$ 28,192,950	\$ 26,216,817	\$ 25,575,956	\$ 56,153,142	\$ 53,768,906
Noncurrent assets (excluding capital)	6,662,928	8,415,184	4,640,184	3,789,542	11,303,112	12,204,726
Capital Assets (net of accumulated depreciation)	59,759,169	59,702,419	111,189,223	112,497,070	170,948,392	172,199,489
<b>Total assets</b>	<u>96,358,422</u>	<u>96,310,553</u>	<u>142,046,224</u>	<u>141,862,568</u>	<u>238,404,646</u>	<u>238,173,121</u>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	8,003,636	6,992,394	2,836,239	3,178,345	10,839,875	10,170,739
Noncurrent liabilities (excluding debt)	29,311,267	23,943,223	2,421,033	2,268,774	31,732,300	26,211,997
Current debt	3,891,800	3,198,100	4,840,413	3,149,597	8,732,213	6,347,697
Noncurrent debt	8,399,600	10,891,400	29,806,904	31,910,007	38,206,504	42,801,407
<b>Total liabilities</b>	<u>49,606,303</u>	<u>45,025,117</u>	<u>39,904,589</u>	<u>40,506,723</u>	<u>89,510,892</u>	<u>85,531,840</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	49,419,302	45,612,919	77,245,262	79,929,336	126,664,564	125,542,255
Restricted	11,483,198	13,090,150	3,423,982	2,578,406	14,907,180	15,668,556
Unrestricted (Deficit)	(14,150,381)	(7,417,633)	21,472,391	18,848,103	7,322,010	11,430,470
<b>Total net position</b>	<u>\$ 46,752,119</u>	<u>\$ 51,285,436</u>	<u>\$ 102,141,635</u>	<u>\$ 101,355,845</u>	<u>\$ 148,893,754</u>	<u>\$ 152,641,281</u>

The remaining balance of unrestricted net position totals \$7.3 million – or 4.92% of total net position may be used to meet the Town's on-going obligations to its citizens and creditors.

The governmental activities revenues increased by \$4.2 million or 4.70%, over the prior fiscal year. This was mostly related to property taxes increase of \$2.1 million and operating grants and contributions revenue increase of \$1.8 million. Most other operating revenues had favorable results as compared to the prior year. The governmental activities expenses increased by \$3.6 million or 3.82%, as compared to the prior fiscal year. The largest contributors to the expense increase were education (\$1.9 million) and employee benefits (\$1.6 million); while general government, culture and recreation, and interest decreased modestly as compared to the prior fiscal year.

**Town of Mansfield**  
**Financial Highlights**  
**Condensed Statement of Activities**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	<b>Government</b>			<b>Government</b>		
	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2013</u>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 5,652,652	\$ 5,276,026	\$ 36,278,612	\$ 37,577,746	\$ 41,931,264	\$ 42,853,772
Operating grants and contributions	29,398,458	27,637,405	70,706	89,772	29,469,164	27,727,177
Capital grants and contributions	850,844	1,032,922	430,376	655,998	1,281,220	1,688,920
<i>General Revenues:</i>						
Real Estate and personal property taxes	50,948,163	48,828,081	-	-	50,948,163	48,828,081
Motor vehicle and other excise taxes	3,006,416	2,929,278	-	-	3,006,416	2,929,278
Nonrestricted grants and contributions	2,041,116	2,019,709	-	-	2,041,116	2,019,709
Unrestricted investment income	108,880	59,711	-	-	108,880	59,711
Other revenues	1,543,491	1,568,040	-	-	1,543,491	1,568,040
<b>Total Revenues</b>	<u>93,550,020</u>	<u>89,351,172</u>	<u>36,779,694</u>	<u>38,323,516</u>	<u>130,329,714</u>	<u>127,674,688</u>
<b>Expenses:</b>						
General Government	4,453,810	4,786,708	-	-	4,453,810	4,786,708
Public Safety	12,200,728	11,982,117	-	-	12,200,728	11,982,117
Education	51,714,519	49,803,619	-	-	51,714,519	49,803,619
Public Works	5,906,277	5,637,178	-	-	5,906,277	5,637,178
Human Services	1,004,670	971,449	-	-	1,004,670	971,449
Culture and Recreation	1,236,948	1,302,770	-	-	1,236,948	1,302,770
Employee Benefits	20,358,718	18,796,127	-	-	20,358,718	18,796,127
State and County Assessments	655,243	530,554	-	-	655,243	530,554
Interest	527,565	638,296	-	-	527,565	638,296
Water	-	-	4,253,691	3,852,659	4,253,691	3,852,659
Wastewater	-	-	5,084,918	4,966,156	5,084,918	4,966,156
Electric	-	-	25,737,932	25,978,923	25,737,932	25,978,923
Other	-	-	942,222	870,780	942,222	870,780
<b>Total Expenses</b>	<u>98,058,478</u>	<u>94,448,818</u>	<u>36,018,763</u>	<u>35,668,518</u>	<u>134,077,241</u>	<u>130,117,336</u>
<b>Transfers</b>	<u>(24,859)</u>	<u>(72,111)</u>	<u>24,859</u>	<u>72,111</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>(4,533,317)</u>	<u>(5,169,757)</u>	<u>785,790</u>	<u>2,727,109</u>	<u>(3,747,527)</u>	<u>(2,442,648)</u>
<b>Net Position - beginning</b>	<u>51,285,436</u>	<u>56,455,193</u>	<u>101,355,845</u>	<u>98,628,736</u>	<u>152,641,281</u>	<u>155,083,929</u>
<b>Net Position - ending</b>	<u>\$ 46,752,119</u>	<u>\$ 51,285,436</u>	<u>\$ 102,141,635</u>	<u>\$ 101,355,845</u>	<u>\$ 148,893,754</u>	<u>\$ 152,641,281</u>

Business-type activities revenues decreased by \$1.5 million or 4.0%, as compared to the previous fiscal year. The largest decrease in revenue was in charges for services (\$1.3 million). Expenses increased by \$0.4 million or 1.0%, as compared to the previous fiscal year. The largest contributor to this increase was water (\$0.4 million) and wastewater (\$0.1 million), while electric light decreased by \$0.2 million.

### ***Financial Analysis of the 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, governmental funds reported combined ending liabilities and fund balances of \$36.3 million, an increase of \$0.1 million in comparison with the prior year. Approximately \$6.2 million of this amount constitutes *unassigned fund balance*, which is available for spending at the Town's discretion. Total fund balance of the governmental funds at June 30, 2014 was \$17.7 million, a decrease of \$0.6 million from the previous fiscal year.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6.8 million, while the total fund balance was \$11.3 million. Unassigned fund balance represents 7.8% of total general fund expenditures.

General fund revenues for FY 2014 were \$87.1 million with property taxes (\$51.1 million) and intergovernmental (\$28.5 million) the major components of the Town's revenue sources. General Fund expenditures were \$86.5 million for FY 2014 with education (\$44.5 million) and employee benefits (\$15.0 million) the major components of spending. Total fund balance of the general fund increased by \$0.5 million.

### ***General Fund Budget Highlights***

The Town budgeted \$79.6 million in revenues and \$83.7 million in expenditures.

The original general fund budget was increased by \$759,058 to the final budget of approximately \$83.7 million. Most functional areas were amended (increased or decreased) modestly to reach the final budget.

Overall, the Town's general fund actual revenue was \$1.4 million more than budgeted. Primary contributors to this increase were motor vehicle excise taxes (\$0.6 million) and departmental and other revenues (\$0.5 million). The Town's general fund actual expenditures were \$1.6 million less than budgeted. Major contributors to this reduction were public safety (\$0.5 million) and general government (\$0.3 million). Most other departments realized modest budget savings.

### ***Capital Assets and Debt Administration***

*Capital assets* - In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming fiscal year.

The Town's investment in capital assets for governmental and business-type activities as of June 30, 2014, amounts to \$170.9 million, net of accumulated depreciation. The investment in capital assets includes land,

buildings, capital improvements other than buildings, machinery and equipment, vehicles, books, infrastructure and construction in progress.

**Capital Assets  
(Net of Depreciation)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	<b>Government</b>		<b>Government</b>		<b>Government</b>	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Land	\$ 4,541,014	\$ 4,517,416	\$ 7,146,655	\$ 7,146,655	\$ 11,687,669	\$ 11,664,071
Buildings	36,262,798	36,831,967	8,415,537	8,759,868	44,678,335	45,591,835
Capital Improvements(other than buildings)	3,371,747	2,959,789	1,601,419	1,243,280	4,973,166	4,203,069
Machinery and Equipment	1,908,456	1,511,334	753,757	741,273	2,662,213	2,252,607
Vehicles	2,429,391	2,644,296	129,242	141,093	2,558,633	2,785,389
Books	711,555	531,747	-	-	711,555	531,747
Infrastructure	9,693,662	8,744,136	92,238,890	83,128,145	101,932,552	91,872,281
Construction in Progress	840,546	1,961,734	903,723	11,336,756	1,744,269	13,298,490
<b>Total Capital Assets</b>	<b>\$ 59,759,169</b>	<b>\$ 59,702,419</b>	<b>\$ 111,189,223</b>	<b>\$ 112,497,070</b>	<b>\$ 170,948,392</b>	<b>\$ 172,199,489</b>

**Long term debt** – Governmental activities outstanding long-term debt as of June 30, 2014, totaled \$10.9 million of which \$8.2 million (75.3%) is for education-related purposes. Business-type activities outstanding debt as of June 30, 2014, totaled \$31.9 million; supporting sewer (\$12.8 million) and water (\$19.1 million) operations.

Total debt consists of the following:

<b>Governmental Activities</b>	<b>Outstanding June 30, 2014</b>	<b>Outstanding June 30, 2013</b>	<b>Increase (Decrease)</b>
Education	\$ 8,200,700	\$ 10,295,400	\$ (2,094,700)
Public Works	1,913,000	2,463,500	(550,500)
Public Safety	181,500	513,300	(331,800)
General Government	596,200	817,300	(221,100)
<b>Total</b>	<b>\$ 10,891,400</b>	<b>\$ 14,089,500</b>	<b>\$ (3,198,100)</b>
<b>Business-type Activities</b>	<b>Outstanding June 30, 2014</b>	<b>Outstanding June 30, 2013</b>	<b>Increase (Decrease)</b>
Water	\$ 19,072,445	\$ 20,390,133	\$ (1,317,688)
Sewer	12,837,561	13,657,161	(819,600)
<b>Total</b>	<b>\$ 31,910,006</b>	<b>\$ 34,047,294</b>	<b>\$ (2,137,288)</b>
<b>Grand Total All Long-Term Debt</b>	<b>\$ 42,801,406</b>	<b>\$ 34,047,294</b>	<b>\$ (5,335,388)</b>

Please refer to **Notes 5, 7 and 8** for further discussion of the major capital and debt activity.

### *Economic Factors and Next Year's Budget*

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2015 budget and tax rates including the following:

- The Annual Town Meeting voters approved a fiscal year 2015 general fund operating budget of \$80.2 million, which represents a \$2.0 million (2.6%) increase over the final fiscal year 2014 budget.
- The Board of Selectmen voted during their classification hearing to continue with a split tax rate, shifting 24% of the tax burden to commercial, industrial, and personal property classes of property. The fiscal 2015 tax rate was set at \$15.50 for residential properties and \$20.75 for commercial, industrial and personal property. These rates brought the tax levy to within \$28,508 of the allowable levy limit. The Town's FY 2015 total property valuation was \$3,177,933,730; including \$2,430,631,636 of residential property, \$250,306,104 of commercial property, \$344,394,100 of industrial property, and \$152,601,890 of personal property.
- The Town authorized \$5.4 million of long-term borrowing for both governmental and business-type activities for FY 2014 and rescinded \$270,000 of Wastewater enterprise-related debt authorizations. In FY 2015, the Town will begin implementing a five year, \$2 million per year road, bridge, and sidewalk repair plan that will be financed by long-term borrowing. The debt service from these borrowings will be paid from within the tax rate.
- The Town has negotiated an inter-municipal agreement with the Towns of Foxborough and Norton for the purpose of regionalizing wastewater treatment services. The new MFN Regional Wastewater District (MFN) agreement was ratified by all three towns and will become operational in FY2015, with the first full budget to be crafted in FY2016. The new MFN will be governed by a Commission whose members consist of 3 members appointed by the Town, and 2 members each appointed by Foxborough and Norton. The Mansfield Director of Public Works has been appointed the MFN Executive Director and the Mansfield Finance Director has been appointed the MFN District Treasurer. MFN will be assuming a portion of existing Mansfield Wastewater enterprise debt, and MFN will also be issuing upcoming debt related to regional wastewater in its own name and not in the names of its constituent Towns.
- The Town voted to establish an Other Post Employment Benefits (OPEB) Liabilities Trust Fund as provided for in the Government Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". The combined amortization for past services and the normal cost for current service employees (known as the Annual Required Contribution "ARC") beyond the current "pay-as-you-go" funding is approximately \$30.1 million. The Town began funding a portion of its OPEB liability in FY 2012 and has continued that practice in FY2013, FY2014 and FY2015.
- In FY 2014 two bond rating agencies reviewed the Town's credit rating. Moody's assigned a rating of AA2 and Standard & Poor's assigned a rating of AA+. The Town is committed to increasing these ratings in the future by the use of sound budgeting and prudent financial management practices.
- In FY 2014, the Town began formalizing its financial policies and procedures into a comprehensive public policy document. The Board of Selectmen, Finance Committee, and School Committee are all contributing and will vote upon the Town's financial policies related to "Free Cash" (Undesignated Fund Balance) usage, reserves policies, stabilization fund levels, debt levels, and debt level funding sources. These actions will formalize long-standing informal policies and procedures and will create a common framework for budget policy-making in the future. These policies and procedures are anticipated to be agreed upon in FY2015 and put in place for the first time in FY2016's budget formulations. The intent of these policies and procedures is not to hamstring the Town in times of crisis but instead to provide

guidelines for present and future officials to follow so that the Town will continue to meet its stakeholders' needs.

- The Town has established an “independent Audit Committee”. The Audit Committee consists of one member from each of the Board of Selectmen, School Committee, and Finance Committee; and two at-large members appointed by the Board of Selectmen and the School Committee jointly. The Audit Committee has met and continues to meet regularly to carry out these duties as prescribed in the Town’s by-law.

***Requests for Information***

This financial report is designed to provide a general overview of the Town’s finances for all of those with an interest in the Town’s finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Mansfield, 6 Park Row, Mansfield, MA, 02048.

**TOWN OF MANSFIELD, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
<b>CURRENT:</b>			
CASH AND SHORT-TERM INVESTMENTS	\$ 22,169,017	\$ 17,372,851	\$ 39,541,868
INVESTMENTS	3,609,621	-	3,609,621
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	446,447	-	446,447
TAX LIENS	310,227	-	310,227
MOTOR VEHICLE EXCISE TAXES	183,216	-	183,216
USER FEES	-	5,725,621	5,725,621
DEPARTMENTAL AND OTHER	510,581	-	510,581
INTERGOVERNMENTAL	2,645,329	148,712	2,794,041
SPECIAL ASSESSMENTS	1,317	32,326	33,643
DEFERRED AMOUNT ON REFUNDING	60,570	7,526	68,096
PREPAID POSTEMPLOYMENT BENEFITS	-	98,341	98,341
INVENTORY	-	538,170	538,170
PREPAID EXPENSES	-	2,293,270	2,293,270
<b>NONCURRENT:</b>			
<b>RESTRICTED ASSETS:</b>			
CASH - DEPRECIATION FUND	-	3,423,982	3,423,982
CASH - CUSTOMER DEPOSITS	-	943,403	943,403
INVESTMENTS	-	12,637	12,637
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
SPECIAL ASSESSMENTS	11,849	215,004	226,853
INTERGOVERNMENTAL	6,408,803	-	6,408,803
DEFERRED AMOUNT ON REFUNDING	242,276	45,158	287,434
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	59,759,169	111,189,223	170,948,392
<b>TOTAL ASSETS</b>	<b>96,358,422</b>	<b>142,046,224</b>	<b>238,404,646</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
ACCOUNTS PAYABLE	7,037,465	2,266,438	9,303,903
OTHER LIABILITIES	-	63,654	63,654
ACCRUED INTEREST	147,114	281,362	428,476
COMPENSATED ABSENCES	803,057	224,785	1,027,842
LANDFILL POSTCLOSURE CARE COSTS	16,000	-	16,000
BONDS AND NOTES PAYABLE	3,891,800	4,840,413	8,732,213
<b>NONCURRENT:</b>			
<b>NONCURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>			
CUSTOMER DEPOSITS	-	944,150	944,150
COMPENSATED ABSENCES	274,960	85,476	360,436
POSTEMPLOYMENT BENEFITS	28,828,307	1,391,407	30,219,714
LANDFILL POSTCLOSURE CARE COSTS	208,000	-	208,000
BONDS AND NOTES PAYABLE	8,399,600	29,806,904	38,206,504
<b>TOTAL LIABILITIES</b>	<b>49,606,303</b>	<b>39,904,589</b>	<b>89,510,892</b>
<b>NET POSITION</b>			
NET INVESTMENT IN CAPITAL ASSETS	49,419,302	77,245,262	126,664,564
RESTRICTED FOR:			
RESERVED FOR DEPRECIATION	-	3,423,982	3,423,982
STREETS	592,984	-	592,984
PERMANENT FUNDS:			
EXPENDABLE	395,204	-	395,204
NONEXPENDABLE	132,411	-	132,411
OTHER PURPOSES	10,362,599	-	10,362,599
UNRESTRICTED (DEFICIT)	(14,150,381)	21,472,391	7,322,010
<b>TOTAL NET POSITION</b>	<b>\$ 46,752,119</b>	<b>\$ 102,141,635</b>	<b>\$ 148,893,754</b>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
<b>PRIMARY GOVERNMENT:</b>					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 4,453,810	\$ 507,885	\$ 6,562	\$ -	\$ (3,939,363)
PUBLIC SAFETY	12,200,728	1,901,165	130,626	-	(10,168,937)
EDUCATION	51,714,519	2,913,975	21,575,517	-	(27,225,027)
PUBLIC WORKS	5,906,277	110,958	71,022	850,844	(4,873,453)
HUMAN SERVICES	1,004,670	48,995	762,374	-	(193,301)
CULTURE & RECREATION	1,236,948	169,674	104,592	-	(962,682)
EMPLOYEE BENEFITS	20,358,718	-	6,747,765	-	(13,610,953)
STATE & COUNTY ASSESSMENTS	655,243	-	-	-	(655,243)
DEBT SERVICE	527,565	-	-	-	(527,565)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>98,058,478</b>	<b>5,652,652</b>	<b>29,398,458</b>	<b>850,844</b>	<b>(62,156,524)</b>
BUSINESS-TYPE ACTIVITIES:					
WATER	4,253,691	4,705,980	1,610	79,323	533,222
SEWER	5,084,918	4,658,411	34,684	-	(391,823)
ELECTRIC	25,737,932	26,295,207	33,996	-	591,271
OTHER	942,222	619,014	416	351,053	28,261
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>36,018,763</b>	<b>36,278,612</b>	<b>70,706</b>	<b>430,376</b>	<b>760,931</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 134,077,241</b>	<b>\$ 41,931,264</b>	<b>\$ 29,469,164</b>	<b>\$ 1,281,220</b>	<b>\$ (61,395,593)</b>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF MANSFIELD, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (62,156,524)	\$ 760,931	\$ (61,395,593)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	50,938,280	-	50,938,280
TAX LIENS	9,883	-	9,883
MOTOR VEHICLE EXCISE TAXES	3,006,416	-	3,006,416
HOTEL/MOTEL TAX	645,156	-	645,156
PENALTIES AND INTEREST ON TAXES	143,060	-	143,060
PAYMENTS IN LIEU OF TAXES	485,431	-	485,431
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	2,041,116	-	2,041,116
UNRESTRICTED INVESTMENT INCOME	108,880	-	108,880
MISCELLANEOUS	269,844	-	269,844
TRANSFERS, NET	(24,859)	24,859	-
TOTAL GENERAL REVENUES AND TRANSFERS	57,623,207	24,859	57,648,066
CHANGE IN NET POSITION	(4,533,317)	785,790	(3,747,527)
<b>NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	51,285,436	101,355,845	152,641,281
<b>END OF YEAR</b>	\$ 46,752,119	\$ 102,141,635	\$ 148,893,754

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF MANSFIELD, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2014**

<b>ASSETS</b>	<b>GENERAL</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 14,891,320	\$ 7,277,697	\$ 22,169,017
INVESTMENTS	2,604,530	1,005,091	3,609,621
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	446,447	-	446,447
TAX LIENS	310,227	-	310,227
MOTOR VEHICLE EXCISE TAXES	183,216	-	183,216
DEPARTMENTAL AND OTHER	510,581	-	510,581
INTERGOVERNMENTAL	8,248,720	805,412	9,054,132
SPECIAL ASSESSMENTS	13,166	-	13,166
<b>TOTAL ASSETS</b>	<b>\$ 27,208,207</b>	<b>\$ 9,088,200</b>	<b>\$ 36,296,407</b>
<b><u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 6,297,185	\$ 740,280	\$ 7,037,465
NOTES PAYABLE	-	1,400,000	1,400,000
<b>TOTAL LIABILITIES</b>	<b>6,297,185</b>	<b>2,140,280</b>	<b>8,437,465</b>
DEFERRED INFLOWS OF RESOURCES:			
DEFERRED PROPERTY TAXES	833,990	-	833,990
DEFERRED INTERGOVERNMENTAL REVENUE	8,099,175	592,984	8,692,159
DEFERRED OTHER REVENUE	673,291	-	673,291
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,606,456</b>	<b>592,984</b>	<b>10,199,440</b>
FUND BALANCES:			
NONSPENDABLE	-	132,411	132,411
RESTRICTED	-	6,789,214	6,789,214
COMMITTED	1,924,433	-	1,924,433
ASSIGNED	2,610,845	-	2,610,845
UNASSIGNED	6,769,288	(566,689)	6,202,599
<b>TOTAL FUND BALANCES</b>	<b>11,304,566</b>	<b>6,354,936</b>	<b>17,659,502</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 27,208,207</b>	<b>\$ 9,088,200</b>	<b>\$ 36,296,407</b>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2014**

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUES:</u></b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 51,137,392	\$ -	\$ 51,137,392
MOTOR VEHICLE EXCISE TAXES	3,268,710	-	3,268,710
INTERGOVERNMENTAL	28,474,603	3,736,934	32,211,537
PAYMENTS IN LIEU OF TAXES	485,431	-	485,431
PENALTIES AND INTEREST ON TAXES	143,060	-	143,060
CHARGES FOR SERVICES	-	3,666,555	3,666,555
INVESTMENT INCOME	89,711	39,116	128,827
CONTRIBUTIONS & DONATIONS	-	588,781	588,781
DEPARTMENTAL AND OTHER	3,536,927	219,937	3,756,864
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	87,135,834	8,251,323	95,387,157
<b><u>EXPENDITURES:</u></b>			
CURRENT:			
GENERAL GOVERNMENT	4,027,964	432,677	4,460,641
PUBLIC SAFETY	11,703,561	249,700	11,953,261
EDUCATION	44,512,968	6,977,971	51,490,939
PUBLIC WORKS	5,173,345	1,518,243	6,691,588
HUMAN SERVICES	863,693	105,744	969,437
CULTURE & RECREATION	875,499	189,541	1,065,040
EMPLOYEE BENEFITS	14,959,844	-	14,959,844
STATE & COUNTY ASSESSMENTS	644,039	-	644,039
DEBT SERVICE			
PRINCIPAL	3,198,100	-	3,198,100
INTEREST	510,978	-	510,978
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	86,469,991	9,473,876	95,943,867
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	665,843	(1,222,553)	(556,710)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
OPERATING TRANSFERS IN	20,121	130,902	151,023
OPERATING TRANSFERS OUT	(136,813)	(39,069)	(175,882)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(116,692)	91,833	(24,859)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	549,151	(1,130,720)	(581,569)
	<hr/>	<hr/>	<hr/>
FUND BALANCES AT BEGINNING OF YEAR	10,755,415	7,485,656	18,241,071
	<hr/>	<hr/>	<hr/>
FUND BALANCES AT END OF YEAR	\$ 11,304,566	\$ 6,354,936	\$ 17,659,502
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 17,659,502
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		59,759,169
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		10,199,440
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(147,114)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(10,891,400)	
DEFERRED AMOUNT ON REFUNDING	302,846	
COMPENSATED ABSENCES	(1,078,017)	
POSTEMPLOYMENT BENEFITS	(28,828,307)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(224,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(40,718,878)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ <u>46,752,119</u></b>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ (581,569)</b>
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	3,869,122	
DEPRECIATION EXPENSE	<u>(3,812,372)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		56,750
<p>REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE</p>		
		(1,837,137)
<p>THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	3,198,100	
AMORTIZATION OF DEFERRED AMOUNT ON REFUNDING	<u>(60,568)</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		3,137,532
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	24,285	
NET CHANGE IN POSTEMPLOYMENT BENEFITS	(5,423,159)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	46,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>43,981</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(5,308,893)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (4,533,317)</u></b>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 50,831,587	\$ 50,831,587	\$ 51,137,392	\$ 305,805
MOTOR VEHICLE EXCISE TAXES	2,708,308	2,708,308	3,268,710	560,402
PAYMENTS IN LIEU OF TAXES	485,000	485,000	485,431	431
PENALTIES & INTEREST ON TAXES	160,000	160,000	143,060	(16,940)
INTERGOVERNMENTAL	22,295,622	22,295,622	22,334,944	39,322
INVESTMENT INCOME	25,000	25,000	27,755	2,755
DEPARTMENTAL AND OTHER	3,054,559	3,054,559	3,536,927	482,368
TOTAL REVENUES	<u>79,560,076</u>	<u>79,560,076</u>	<u>80,934,219</u>	<u>1,374,143</u>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	4,785,327	4,661,926	4,320,605	341,321
PUBLIC SAFETY	12,293,795	12,293,795	11,765,398	528,397
EDUCATION	45,288,523	45,925,523	45,634,900	290,623
PUBLIC WORKS	5,263,345	5,512,304	5,389,463	122,841
HUMAN SERVICES	960,980	957,480	856,878	100,602
CULTURE & RECREATION	1,024,401	1,024,401	981,219	43,182
EMPLOYEE BENEFITS	9,001,517	9,001,517	8,864,662	136,855
STATE & COUNTY ASSESSMENTS	641,205	641,205	644,038	(2,833)
DEBT SERVICE				
PRINCIPAL	3,186,321	3,186,321	3,186,320	1
INTEREST	533,751	533,751	495,006	38,745
TOTAL EXPENDITURES	<u>82,979,165</u>	<u>83,738,223</u>	<u>82,138,489</u>	<u>1,599,734</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,419,089)</u>	<u>(4,178,147)</u>	<u>(1,204,270)</u>	<u>2,973,877</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	4,000	20,121	20,121	-
OPERATING TRANSFERS OUT	(5,911)	(136,813)	(136,813)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,911)</u>	<u>(116,692)</u>	<u>(116,692)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,421,000)</u>	<u>(4,294,839)</u>	<u>(1,320,962)</u>	<u>2,973,877</u>
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,616,840</u>	<u>7,616,840</u>	<u>7,616,840</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<u>\$ 4,195,840</u>	<u>\$ 3,322,001</u>	<u>\$ 6,295,878</u>	<u>\$ 2,973,877</u>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

<b>ASSETS</b>	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				
	<b>WATER</b>	<b>SEWER</b>	<b>ELECTRIC LIGHT</b>	<b>OTHER NONMAJOR</b>	<b>TOTAL</b>
<b>CURRENT:</b>					
CASH AND SHORT-TERM INVESTMENTS	\$ 2,831,599	\$ 3,095,093	\$ 10,334,920	\$ 1,111,239	\$ 17,372,851
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	1,139,436	868,900	3,711,041	6,244	5,725,621
SPECIAL ASSESSMENTS	602	31,724	-	-	32,326
INTERGOVERNMENTAL	148,712	-	-	-	148,712
DEFERRED AMOUNT ON REFUNDING	7,526	-	-	-	7,526
PREPAID POSTEMPLOYMENT BENEFITS	-	-	98,341	-	98,341
INVENTORY	-	-	538,170	-	538,170
PREPAID EXPENSES	-	-	2,293,270	-	2,293,270
<b>TOTAL CURRENT ASSETS</b>	<b>4,127,875</b>	<b>3,995,717</b>	<b>16,975,742</b>	<b>1,117,483</b>	<b>26,216,817</b>
<b>NONCURRENT:</b>					
<b>RESTRICTED ASSETS:</b>					
CASH - DEPRECIATION FUND	-	-	3,423,982	-	3,423,982
CASH - CUSTOMER DEPOSITS	-	-	943,403	-	943,403
INVESTMENTS	-	-	12,637	-	12,637
SPECIAL ASSESSMENTS	6,017	208,987	-	-	215,004
DEFERRED AMOUNT ON REFUNDING	45,158	-	-	-	45,158
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	37,801,644	37,726,991	30,836,976	4,823,612	111,189,223
<b>TOTAL NONCURRENT ASSETS</b>	<b>37,852,819</b>	<b>37,935,978</b>	<b>35,216,998</b>	<b>4,823,612</b>	<b>115,829,407</b>
<b>TOTAL ASSETS</b>	<b>41,980,694</b>	<b>41,931,695</b>	<b>52,192,740</b>	<b>5,941,095</b>	<b>142,046,224</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
ACCOUNTS PAYABLE	137,092	174,284	1,926,256	28,806	2,266,438
OTHER LIABILITIES	-	-	63,654	-	63,654
ACCRUED INTEREST	157,433	123,929	-	-	281,362
BONDS AND NOTES PAYABLE	2,596,125	2,244,288	-	-	4,840,413
COMPENSATED ABSENCES	39,029	67,319	118,437	-	224,785
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,929,679</b>	<b>2,609,820</b>	<b>2,108,347</b>	<b>28,806</b>	<b>7,676,652</b>
<b>NONCURRENT:</b>					
<b>NONCURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>					
CUSTOMER DEPOSITS	-	-	944,150	-	944,150
BONDS AND NOTES PAYABLE	17,801,320	12,005,584	-	-	29,806,904
COMPENSATED ABSENCES	19,979	33,187	28,174	4,136	85,476
POSTEMPLOYMENT BENEFITS	712,832	651,663	-	26,912	1,391,407
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>18,534,131</b>	<b>12,690,434</b>	<b>972,324</b>	<b>31,048</b>	<b>32,227,937</b>
<b>TOTAL LIABILITIES</b>	<b>21,463,810</b>	<b>15,300,254</b>	<b>3,080,671</b>	<b>59,854</b>	<b>39,904,589</b>
<b>NET POSITION</b>					
NET INVESTMENT IN CAPITAL ASSETS	17,780,680	23,803,994	30,836,976	4,823,612	77,245,262
RESERVED FOR DEPRECIATION	-	-	3,423,982	-	3,423,982
UNRESTRICTED	2,736,204	2,827,447	14,851,111	1,057,629	21,472,391
<b>TOTAL NET POSITION</b>	<b>\$ 20,516,884</b>	<b>\$ 26,631,441</b>	<b>\$ 49,112,069</b>	<b>\$ 5,881,241</b>	<b>\$ 102,141,635</b>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				<b>TOTAL</b>
	<b>WATER</b>	<b>SEWER</b>	<b>ELECTRIC LIGHT</b>	<b>OTHER NONMAJOR</b>	
<b><u>OPERATING REVENUES:</u></b>					
CHARGES FOR SERVICES	\$ 4,705,980	\$ 4,658,411	\$ 26,295,207	\$ 617,805	\$ 36,277,403
DEPARTMENTAL AND OTHER	594	-	-	-	594
TOTAL OPERATING REVENUES	<u>4,706,574</u>	<u>4,658,411</u>	<u>26,295,207</u>	<u>617,805</u>	<u>36,277,997</u>
<b><u>OPERATING EXPENSES:</u></b>					
GENERAL SERVICES	2,807,748	3,095,256	24,234,973	631,308	30,769,285
DEPRECIATION	870,920	1,670,111	1,501,610	310,914	4,353,555
TOTAL OPERATING EXPENSES	<u>3,678,668</u>	<u>4,765,367</u>	<u>25,736,583</u>	<u>942,222</u>	<u>35,122,840</u>
OPERATING INCOME (LOSS)	<u>1,027,906</u>	<u>(106,956)</u>	<u>558,624</u>	<u>(324,417)</u>	<u>1,155,157</u>
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>					
INTERGOVERNMENTAL	79,323	31,499	-	351,053	461,875
INVESTMENT INCOME	1,016	3,185	33,996	1,625	39,822
INTEREST EXPENSE	(575,023)	(319,551)	(1,349)	-	(895,923)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>(494,684)</u>	<u>(284,867)</u>	<u>32,647</u>	<u>352,678</u>	<u>(394,226)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>533,222</u>	<u>(391,823)</u>	<u>591,271</u>	<u>28,261</u>	<u>760,931</u>
<b><u>OPERATING TRANSFERS:</u></b>					
OPERATING TRANSFERS IN	24,859	-	-	-	24,859
INCOME (LOSS) BEFORE OTHER ITEM	<u>558,081</u>	<u>(391,823)</u>	<u>591,271</u>	<u>28,261</u>	<u>785,790</u>
<b>CHANGE IN NET POSITION</b>	558,081	(391,823)	591,271	28,261	785,790
<b>NET POSITION AT BEGINNING OF YEAR</b>	19,958,803	27,023,264	48,520,798	5,852,980	101,355,845
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 20,516,884</u>	<u>\$ 26,631,441</u>	<u>\$ 49,112,069</u>	<u>\$ 5,881,241</u>	<u>\$ 102,141,635</u>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				
	<b>WATER</b>	<b>SEWER</b>	<b>ELECTRIC LIGHT</b>	<b>OTHER ENTERPRISE</b>	<b>TOTAL</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
RECEIPTS FROM CUSTOMERS AND USERS	\$ 4,538,745	\$ 4,738,086	\$ 26,775,875	\$ 611,561	\$ 36,664,267
PAYMENTS TO SUPPLIERS AND EMPLOYEES	(1,409,475)	(1,728,758)	(24,482,752)	(550,935)	(28,171,920)
PAYMENTS TO EMPLOYEES	(1,336,547)	(1,292,623)	-	(117,467)	(2,746,637)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,792,723</u>	<u>1,716,705</u>	<u>2,293,123</u>	<u>(56,841)</u>	<u>5,745,710</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>					
OPERATING TRANSFERS IN	24,859	-	-	-	24,859
INTEREST EXPENSE	-	-	(1,349)	-	(1,349)
CUSTOMER DEPOSITS	-	-	1,100	-	1,100
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>24,859</u>	<u>-</u>	<u>(249)</u>	<u>-</u>	<u>24,610</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>					
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	1,847,779	400,000	-	-	2,247,779
PROCEEDS FROM INTERGOVERNMENTAL GRANT	-	-	-	528,999	528,999
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(1,317,688)	(804,993)	-	-	(2,122,681)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(600,718)	(534,365)	(1,465,330)	(615,688)	(3,216,101)
INTEREST EXPENSE	(472,179)	(299,939)	-	-	(772,118)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(542,806)</u>	<u>(1,239,297)</u>	<u>(1,465,330)</u>	<u>(86,689)</u>	<u>(3,334,122)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>					
NET PROCEEDS FROM PURCHASE AND SALE OF INVESTMENT SECURITIES	-	9,247	-	-	9,247
INTEREST RECEIVED	1,016	3,185	33,996	1,625	39,822
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	<u>1,016</u>	<u>12,432</u>	<u>33,996</u>	<u>1,625</u>	<u>49,069</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	1,275,792	489,840	861,540	(141,905)	2,485,267
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	1,555,807	2,605,253	12,897,362	1,253,144	18,311,566
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 2,831,599</u>	<u>\$ 3,095,093</u>	<u>\$ 13,758,902</u>	<u>\$ 1,111,239</u>	<u>\$ 20,796,833</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>					
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>					
OPERATING INCOME (LOSS)	\$ 1,027,906	\$ (106,956)	\$ 558,624	\$ (324,417)	\$ 1,155,157
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	870,920	1,670,111	1,501,610	310,914	4,353,555
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(156,908)	79,675	480,667	(6,244)	397,190
(INCREASE) DECREASE IN INVENTORY	-	-	42,354	-	42,354
(INCREASE) DECREASE IN OTHER ASSETS	-	-	(110,168)	-	(110,168)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(44,598)	(11,586)	(125,475)	(47,930)	(229,589)
INCREASE (DECREASE) IN ACCRUED COMPENSATED ABSENCES	3,685	(4,950)	(54,489)	838	(54,916)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	91,718	90,411	-	9,998	192,127
TOTAL ADJUSTMENTS	<u>764,817</u>	<u>1,823,661</u>	<u>1,734,499</u>	<u>267,576</u>	<u>4,590,553</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,792,723</u>	<u>\$ 1,716,705</u>	<u>\$ 2,293,123</u>	<u>\$ (56,841)</u>	<u>\$ 5,745,710</u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u></b>					
THE FOLLOWING ACCOUNTS ARE CONSIDERED TO BE CASH FOR THE PURPOSE OF THE STATEMENT OF CASH FLOWS:					
TOTAL UNRESTRICTED CASH			\$ 10,334,920		
RESTRICTED CASH - DEPRECIATION FUND			<u>3,423,982</u>		
			<u>\$ 13,758,902</u>		

See accompanying notes to the basic financial statements

TOWN OF MANSFIELD, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2014

	<u>POSTEMPLOYMENT BENEFITS TRUST</u>	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 147,380	\$ 576,408
INVESTMENTS	2,330,487	-	-
DEPARTMENTAL	-	-	166,095
TOTAL ASSETS	<u>2,330,487</u>	<u>147,380</u>	<u>742,503</u>
<b><u>LIABILITIES</u></b>			
ACCOUNTS PAYABLE	-	-	15,840
OTHER LIABILITIES	-	-	726,663
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>742,503</u>
<b><u>NET POSITION</u></b>			
NET POSITION - HELD IN TRUST FOR OPEB AND OTHER PURPOSES	<u>\$ 2,330,487</u>	<u>\$ 147,380</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2014**

	<b>POSTEMPLOYMENT BENEFITS TRUSTS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>		
CONTRIBUTIONS:		
PRIVATE DONATIONS	\$ -	\$ 6,245
CONTRIBUTIONS FROM GOVERNMENT	587,535	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	201,422	33
TOTAL ADDITIONS	788,957	6,278
<b><u>DEDUCTIONS:</u></b>		
EDUCATION	-	11,800
CHANGE IN NET POSITION	788,957	(5,522)
<b>NET POSITION AT BEGINNING OF YEAR</b>	1,541,530	152,902
<b>NET POSITION AT END OF YEAR</b>	\$ 2,330,487	\$ 147,380

See accompanying notes to the basic financial statements

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

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

**A. Reporting Entity**

Primary Government

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

Joint Venture

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

Name	Purpose	Address	Annual Assessment
Southeastern Regional School District	To provide vocational education	250 Foundry Street Easton, MA 02375	\$ 518,845

The Southeastern Regional School District (the District) is governed by a ten (10) member school committee consisting of one elected (1) representative from each participating municipality. 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 no equity interest in the joint venture.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

*Major Fund Criteria*

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

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

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

Fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

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

*Fund Financial Statements*

***Governmental Fund Financial Statements***

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

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non-current portion of compensated absences, post-employment benefits, and landfill post-closure care costs which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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The Town reports the following major governmental fund:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
  - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
  - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

***Proprietary Fund Financial Statements***

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

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

The following major proprietary 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.
- The *Electric Light Enterprise fund* is used to account for electric light activities.
- The *Other Nonmajor Enterprise funds* consist of the airport enterprise and parking enterprise funds which are used to account for the airport activities and commuter rail parking lot activities of the Town, respectively.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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***Fiduciary Fund Financial Statements***

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

The following fiduciary fund types are reported:

- The *Private-Purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Postemployment Benefits trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

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

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

**D. Cash and Investments**

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

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

**E. Accounts Receivable**

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

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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*Real Estate, Personal Property Taxes and Tax Liens*

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

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

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

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

*Motor Vehicle Excise*

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

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

*Water and Sewer*

User fees are levied quarterly for residential and monthly for commercial and industrial users based on meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens may be processed in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and related liens (if any) are recorded as receivables in the fiscal year of the levy.

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

*Departmental and Other*

Departmental and other receivables consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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*Special Assessments*

Governmental and business-type activities special assessments consist primarily of Industrial Park, Water and Sewer betterments receivables which are recorded as receivables in the fiscal year accrued. Since the receivables are secured via the lien process, these assets are considered 100% collectable and therefore do not report an allowance for uncollectibles.

*Electricity*

The Department carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts of \$246,100 at June 30, 2014. An account is considered past due if payment is not received within 30 days. At that time, the service termination process begins with a series of delinquency notices. For past due accounts, customers must enter into a payment plan or risk termination of service. For accounts that have been closed with an outstanding balance, the Department makes every effort at collection and once every reasonable attempt to collect has been exhausted, the account is turned over to collection. Additionally, the Department can place a lien against property if the account is in the name of the property owner and payment is not made.

Effective July 15, 2005, customer deposits were collected from residential renters who rent the premises they inhabit and the electric account will be in their name. The amount of the deposit will approximate 3 months of charges on the particular account based on an analysis of the account history. The Department has the right to shut off all of its customers for non-payment. Based on DPU regulations, the Department may not shut off residential customers between November 15 and March 15. Also, the Department cannot shut off protected customers as defined by the DPU. The residential shut off moratorium period may also be modified by the DPU.

Effective July 16, 2008, a consumer deposit policy was also implemented for all commercial customers who open business in Mansfield. The amount of any required deposit will approximate 3 months of projected billing based on the build out of the facility. Compliance with the policy is required from new commercial customer regardless of whether they own the building or not.

To encourage customers to pay their bills in a timely fashion, the Department has a "Prompt Payment Discount" policy. This policy provides a 20% discount on the Distribution Charge or Distribution Demand Charge (whichever is applicable to the class of customer) if the bill is paid within 15 days from the date on the statement. This policy applies to both commercial and residential customers. In addition, senior citizens are always given a prompt payment discount. The Department also charges residential customers a \$4 monthly Customer Charge, which is waived for senior citizens.

The Department has budget plans available for their customers. Customers must sign up for the budget plan no later than August to obtain the benefits of the plan.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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*Intergovernmental*

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

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

**F. Deferred Amount on Refunding**

The Town has advance refunded a portion of its long-term debt. This amount represents the difference between the new debt and the old debt, and it will be amortized as a component of interest expense over the remaining life of the old debt.

**G. Inventories**

*Government-Wide and Fund Financial Statements*

Inventories of the governmental funds and the water, sewer, and airport enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported. Materials and supplies inventories of the electric light enterprise fund are valued using the average cost method.

**H. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

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

Purchases and construction costs in between \$10,000 and \$150,000 (depending on the asset class) are capitalized at the date of acquisition or construction, respectively, with expected useful lives of three years or greater.

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

Asset Class	Estimated Useful Life (in years)
Buildings and Improvements	40
Capital Improvements (other than buildings)	20 – 30
Machinery and Equipment	5 – 20
Vehicles	5 – 15
Books	3 – 10
Infrastructure	20 – 50
Electric Light Distribution Plant Capital Assets	10 – 33
Electric Light General Plant Capital Assets	5 – 33

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

*Governmental Fund Financial Statements*

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

**I. Interfund Receivables and Payables**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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**J. Interfund Transfers**

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**K. Deferred Inflows of Resources**

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available.

Deferred inflows of resources at the fund level consist of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

**L. Net Position and Fund Equity**

*Government-Wide Financial Statements (Net Position)*

Net position is classified into three components:

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

Net position has been “restricted” for the following:

- *Reserved for depreciation* represents available resources (cash) that may be used for replacements, enlargements, and additions to the utility plant.
- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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- *Permanent funds -expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
  - *Permanent funds -nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
  - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets.”

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

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

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

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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**M. Long-term debt**

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

**N. Investment Income**

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

**O. Compensated Absences**

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2014 is recorded in the governmental fund financial statements.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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**P. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employers 75% for health insurance costs and 80% share of life insurance premium costs in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

**Q. Use of Estimates**

*Government-Wide and Fund Financial Statements*

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

**R. Total Column**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund as well as for those special revenue funds for which the provisions of Chapter 44, Section 53f 1/2 have been adopted. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Manager. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2014 approved budget authorized \$82,979,165 in current year appropriations and other amounts to be raised. Supplemental appropriations of \$759,058 were approved at one Special Town Meeting for fiscal year 2014.

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

*B. Budgetary – GAAP Reconciliation*

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2014, is presented below:

Net change in fund balance - budgetary basis	\$ (1,320,962)
Basis of accounting differences:	
Net Stabilization fund activity	61,955
Increase in revenue for on-behalf payments - MTRS	6,111,907
Increase in expenditures for on-behalf payments - MTRS	(6,111,907)
Increase in revenue for the MWPAT subsidy	27,752
Increase in expenditures for the MWPAT subsidy	(27,752)
Adjustment for current year encumbrances and articles	2,545,490
Adjustment for expenditures from prior year authorizations	<u>(737,332)</u>
Net change in fund balance - GAAP basis	<u>\$ 549,151</u>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*C. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue, capital projects, and various sewer enterprise capital projects funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants or proceeds from long-term debt during fiscal year 2015.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved. The Town has not formally adopted any further deposit and investment policies beyond compliance with state statutes.

*Deposits*

- *Custodial Credit Risk - Deposits*

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

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

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The following table illustrates how much of the Town's bank deposits are insured and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2014:

Total bank balances		\$ 44,039,292
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,450,000	
Depositors Insurance Fund (DIF)	7,448,422	
Total bank balances covered by deposit insurance		9,898,422
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name	12,063,592	
Bank balances uninsured & uncollateralized	22,077,278	
Total bank balances subject to custodial credit risk		34,140,870
Total bank balances		\$ 44,039,292

*Investments*

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

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

- *Credit Risk*

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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Presented below is the actual rating as of year end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	AA+	Aaa	BBB+	Unrated
U.S. Treasury & Agency Securities	\$ 1,102,718	N/A	\$ 150,902	\$ 951,816	\$ -	\$ -
Certificates of Deposit	1,432,704	N/A	-	-	-	1,432,704
Corporate Bonds	304,311	N/A	175,001	-	129,310	-
Common Stock	354,094	N/A	-	-	-	354,094
Fixed Income Mutual Funds	1,391,538	N/A	-	-	-	1,391,538
Money Market Mutual Funds	1,354,743	N/A	-	-	-	1,354,743
<b>Total Investments</b>	<b>\$ 5,940,108</b>		<b>\$ 325,903</b>	<b>\$ 951,816</b>	<b>\$ 129,310</b>	<b>\$ 4,533,079</b>

- *Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The investments in U.S Treasury and Agency securities and corporate bonds are not exposed to custodial credit risk because the related securities are registered in the name of the Town. The investments in certificates of deposit are not exposed to custodial credit risk because the related certificates of deposit are fully insured by the Federal Depositors Insurance Corporation (FDIC). The fixed income and money market mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town does not have an investment policy for custodial credit risk.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
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- *Interest Rate Risk*

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

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<u>Fixed Income Securities</u>			
US Treasury & Agency Securities	\$ 1,102,718	\$ -	\$ 1,102,718
Certificates of Deposit	1,432,704	512,250	920,454
Corporate Bonds	304,311	86,861	217,450
Fixed Income Mutual Funds	1,391,538	1,391,538	-
Total Fixed Income Securities	<u>4,231,271</u>	<u>1,990,649</u>	<u>2,240,622</u>
<u>Other Investments</u>			
Money Market Mutual Funds	1,354,743	1,354,743	-
Common Stock	354,094	354,094	-
Total Other Investments	<u>1,708,837</u>	<u>1,708,837</u>	<u>-</u>
Total Investments	<u>\$ 5,940,108</u>	<u>\$ 3,699,486</u>	<u>\$ 2,240,622</u>

- *Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. No investments exceeded 5% of the Town's total investments.

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2014, for the Town’s individual major and nonmajor governmental funds, and agency funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 419,631	\$ -	\$ 419,631
Personal property taxes	54,116	(27,300)	26,816
Real estate and personal property taxes	473,747	(27,300)	446,447
Tax liens	310,227	-	310,227
Motor vehicle excise taxes	394,816	(211,600)	183,216
Departmental and other	1,193,934	(517,258)	676,676
Intergovernmental	9,054,132	-	9,054,132
Special assessments	13,166	-	13,166
Total	<u>\$ 11,440,022</u>	<u>\$ (756,158)</u>	<u>\$ 10,683,864</u>

The receivables at June 30, 2014, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 1,139,436	\$ -	\$ 1,139,436
Special assessments	6,619	-	6,619
Intergovernmental	148,712	-	148,712
<i>Sewer</i>			
User fees	868,900	-	868,900
Special assessments	240,711	-	240,711
<i>Other Nonmajor</i>			
User Fees	6,244	-	6,244
<i>Electric Light</i>			
User fees	3,957,141	(246,100)	3,711,041
Total	<u>\$ 6,367,763</u>	<u>\$ (246,100)</u>	<u>\$ 6,121,663</u>

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Governmental funds report deferred Inflows of Resources connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred Inflows of Resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis

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<u>Deferred Inflows:</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Deferred Property Taxes	\$ 833,990	\$ -	\$ 833,990
Deferred Other Revenue	673,291	-	673,291
Deferred Intergovernmental Revenue	<u>8,099,175</u>	<u>592,984</u>	<u>8,692,159</u>
Total	<u>\$ 9,606,456</u>	<u>\$ 592,984</u>	<u>\$ 10,199,440</u>

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

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Reclassifications & Decreases	Ending Balance
<i>Capital assets not being depreciated :</i>				
Land	\$ 4,517,416	\$ 34,802	\$ (11,204)	\$ 4,541,014
Construction in progress	1,961,734	840,547	(1,961,735)	840,546
Total capital assets not being depreciated	<u>6,479,150</u>	<u>875,349</u>	<u>(1,972,939)</u>	<u>5,381,560</u>
<i>Capital assets being depreciated :</i>				
Buildings	63,995,648	676,607	446,374	65,118,629
Capital improvements (other than buildings)	5,305,579	28,278	561,155	5,895,012
Machinery and equipment	5,777,740	489,984	300,688	6,568,412
Vehicles	6,017,230	299,809	-	6,317,039
Books	3,191,782	359,160	-	3,550,942
Infrastructure	22,268,664	1,151,139	653,518	24,073,321
Total capital assets being depreciated	<u>106,556,643</u>	<u>3,004,977</u>	<u>1,961,735</u>	<u>111,523,355</u>
<i>Less accumulated depreciation for :</i>				
Buildings	(27,163,681)	(1,692,150)	-	(28,855,831)
Capital improvements (other than buildings)	(2,345,790)	(177,475)	-	(2,523,265)
Machinery and equipment	(4,266,406)	(393,550)	-	(4,659,956)
Vehicles	(3,372,934)	(514,714)	-	(3,887,648)
Books	(2,660,035)	(179,352)	-	(2,839,387)
Infrastructure	(13,524,528)	(855,131)	-	(14,379,659)
Total accumulated depreciation	<u>(53,333,374)</u>	<u>(3,812,372)</u>	<u>-</u>	<u>(57,145,746)</u>
Total capital assets being depreciated, net	<u>53,223,269</u>	<u>(807,395)</u>	<u>1,961,735</u>	<u>54,377,609</u>
Total governmental activities capital assets, net	<u>\$ 59,702,419</u>	<u>\$ 67,954</u>	<u>\$ (11,204)</u>	<u>\$ 59,759,169</u>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Reclassifications & Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land rights	\$ 7,146,655	\$ -	\$ -	\$ 7,146,655
Construction in progress	11,336,174	894,938	(11,327,390)	903,722
Total capital assets not being depreciated	18,482,829	894,938	(11,327,390)	8,050,377
<i>Capital assets being depreciated:</i>				
Buildings and improvements	11,239,177	-	-	11,239,177
Capital improvements (other than buildings)	2,604,353	11,646	440,853	3,056,852
Distribution Plant	44,228,857	1,428,448	(98,654)	45,558,651
General Plant	4,483,198	37,650	(74,453)	4,446,395
Machinery and equipment	1,756,038	120,799	5,630	1,882,467
Vehicles	880,935	29,448	-	910,383
Infrastructure	82,768,904	522,779	10,880,907	94,172,590
Total capital assets being depreciated	147,961,462	2,150,770	11,154,283	161,266,515
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(2,479,309)	(344,331)	-	(2,823,640)
Capital improvements (other than buildings)	(1,361,073)	(94,360)	-	(1,455,433)
Distribution Plant	(15,159,977)	(1,346,477)	98,654	(16,407,800)
General Plant	(2,992,795)	(155,133)	74,453	(3,073,475)
Machinery and equipment	(1,014,764)	(113,945)	-	(1,128,709)
Vehicles	(739,843)	(41,298)	-	(781,141)
Infrastructure	(30,199,460)	(2,258,011)	-	(32,457,471)
Total accumulated depreciation	(53,947,221)	(4,353,555)	173,107	(58,127,669)
Total capital assets being depreciated, net	94,014,241	(2,202,785)	11,327,390	103,138,846
Total business-type activities capital assets, net	\$ 112,497,070	\$ (1,307,847)	\$ -	\$ 111,189,223

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**Governmental Activities:**

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General government	\$ 175,785
Public safety	562,422
Education	1,612,446
Public works	1,121,827
Human services	35,233
Culture and recreation	<u>304,659</u>
Total depreciation expense - governmental activities	<u>\$ 3,812,372</u>

**Business-Type Activities:**

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Water	\$ 870,920
Sewer	1,670,111
Airport	297,173
Commuter parking	13,741
Electric	<u>1,501,610</u>
Total depreciation expense - business-type activities	<u>\$ 4,353,555</u>

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>			<u>Total</u>	
	<u>General Fund</u>	<u>Major Water Enterprise Fund</u>	<u>Non Major Governmental Funds</u>		
Nonmajor Governmental Funds	\$ 20,121	\$ -	\$ -	\$ 20,121	(1)
Nonmajor Governmental Funds	-	18,948	-	18,948	(2)
General Fund	-	5,911	130,902	136,813	(1)
 Total	 <u>\$ 20,121</u>	 <u>\$ 24,859</u>	 <u>\$ 130,902</u>	 <u>\$ 175,882</u>	

(1) Represents various budgeted transfers to supplement the operating budget.

(2) Represents other transfer to the general fund.

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**NOTE 7 – SHORT-TERM FINANCING**

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures/expenses for short-term borrowings are accounted for in the general fund and enterprise funds respectively.

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

<u>Type</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Due Date</u>	<u>Balance at June 30, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance at June 30, 2014</u>
<b><u>Governmental Funds</u></b>							
BAN	Various	0.50	10/24/2014	\$ -	\$ 1,400,000	\$ -	\$ 1,400,000
<b><u>Enterprise Funds</u></b>							
BAN	Water	0.40	10/24/2014	-	1,325,000	-	1,325,000
BAN	Sewer	0.50	10/24/2014	-	400,000	-	400,000
MWPAT	Sewer - Drawdowns	0.00	N/A	1,012,310	-	-	1,012,310
Total Enterprise Funds				1,012,310	1,725,000	-	2,737,310
Total				\$ 1,012,310	\$ 3,125,000	\$ -	\$ 4,137,310

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8 – LONG-TERM DEBT**

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

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

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

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
School	5.09	\$ 1,361,000	\$ -	\$ 277,500	\$ 1,083,500
Municipal Building	5.09	798,300	-	202,100	596,200
Fire Station	5.08	92,800	-	34,300	58,500
School	Var.	7,023,600	-	1,360,400	5,663,200
Stormwater Management	0.00	545,000	-	50,000	495,000
School Outdoor Recreation	3.60	280,000	-	70,000	210,000
School Outdoor Recreation	3.39	5,000	-	5,000	-
Land	3.63	255,000	-	65,000	190,000
General Obligation 9/1/05	3.84	480,000	-	160,000	320,000
General Obligation 8/15/08	Var.	640,000	-	640,000	-
General Obligation 4/15/13	Var.	2,608,800	-	333,800	2,275,000
<b>Total</b>		<b>\$ 14,089,500</b>	<b>\$ -</b>	<b>\$ 3,198,100</b>	<b>\$ 10,891,400</b>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 2,491,800	\$ 384,954	\$ 2,876,754
2016	2,453,100	285,862	2,738,962
2017	2,087,900	188,727	2,276,627
2018	1,837,000	96,859	1,933,859
2019	571,600	45,067	616,667
2020-2024	980,000	107,267	1,087,267
2025-2028	470,000	24,125	494,125
<b>Total</b>	<b>\$ 10,891,400</b>	<b>\$ 1,132,861</b>	<b>\$ 12,024,261</b>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Bonds and Notes Payable Schedule - Water and Sewer Enterprise Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Water - general obligation 9/22/00	4.50	\$ 360,000	\$ -	\$ 45,000	\$ 315,000
Water - general obligation 9/01/03	3.39	60,000	-	60,000	-
Water - MWPAT 11/23/04	2.00	3,899,935	-	264,855	3,635,080
Water - general obligation 9/01/05	4.31	1,814,300	-	290,700	1,523,600
Water Mains 8/15/08	4.09	2,025,000	-	135,000	1,890,000
Water MWPAT 6/13/12	2.00	6,000,000	-	242,706	5,757,294
Sewer - MWPAT 10/01/99	0.00	275,000	-	35,000	240,000
Sewer - MWPAT 12/14/06	0.00	213,438	-	16,076	197,362
Sewer - MWPAT 12/14/06	0.00	123,359	-	11,214	112,145
Sewer - MWPAT 12/14/07	2.00	9,920,364	-	572,813	9,347,551
Sewer - general obligation 8/15/08	Var.	2,025,000	-	140,000	1,885,000
Sewer - MWPAT 6/13/12	2.00	1,100,000	-	44,496	1,055,504
Water MWPAT 5/23/13	2.00	5,300,898	-	214,427	5,086,471
Water - general obligation 4/15/13	1.79	930,000	-	65,000	865,000
<b>Total</b>		<u>\$ 34,047,294</u>	<u>\$ -</u>	<u>\$ 2,137,287</u>	<u>\$ 31,910,007</u>

**TOWN OF MANSFIELD, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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The annual debt service requirements for principal and interest for the water and sewer enterprise funds bonds and notes outstanding at June 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,103,103	\$ 842,654	\$ 2,945,757
2016	2,145,742	780,421	2,926,163
2017	2,164,321	709,159	2,873,480
2018	2,199,089	639,830	2,838,919
2019	2,148,837	573,220	2,722,057
2020-2024	10,310,439	1,953,595	12,264,034
2025-2029	7,914,475	694,517	8,608,992
2030-2033	<u>2,924,001</u>	<u>131,030</u>	<u>3,055,031</u>
Total	<u>\$31,910,007</u>	<u>\$6,324,426</u>	<u>\$38,234,433</u>

**Loans Authorized and Unissued**

As of June 30, 2014, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Authorized</u>	<u>Amount</u>
Water Treatment Plant & Well Development	5/4/2010	\$ 1,416,102
Sewer - Land Acquisition	5/26/2011	737,690
Sewer Effluent Disposal Design	5/7/2013	400,000
Robinson Windows	5/7/2013	750,000
Road/Bridge Maintenance	5/7/2013	650,000
Road/Bridge/Sidewalk Maintenance	5/7/2013	2,000,000
Sewer Treatment Plant Phase II	5/7/2013	3,400,000
Maple Street Water Mains	5/7/2013	<u>1,325,000</u>
Total		<u>\$ 10,678,792</u>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Massachusetts School Building Authority Reimbursements**

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

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

The Town has been approved for 67% percent state school construction grants through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$1,690,372 from scheduled annual payments in FY 2014 from the MSBA for completed school construction projects.

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2014:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 14,089,500	\$ -	\$ (3,198,100)	\$ 10,891,400	\$ 2,491,800
Compensated balances	1,102,302	-	(24,285)	1,078,017	803,057
Landfill postclosure care costs	270,000	-	(46,000)	224,000	16,000
Post-employment benefits	23,405,148	5,423,159	-	28,828,307	-
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 38,866,950</b>	<b>\$ 5,423,159</b>	<b>\$ (3,268,385)</b>	<b>\$ 41,021,724</b>	<b>\$ 3,310,857</b>
<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 34,047,294	\$ -	\$ (2,137,287)	\$ 31,910,007	\$ 2,103,103
Compensated balances	365,176	-	(54,915)	310,261	224,785
Customer deposits - electric light	900,861	43,289	-	944,150	-
Post-employment benefits	1,199,280	192,127	-	1,391,407	-
<b>Total Business-Type Activities Long-Term Liabilities</b>	<b>\$ 36,512,611</b>	<b>\$ 235,416</b>	<b>\$ (2,192,202)</b>	<b>\$ 34,555,825</b>	<b>\$ 2,327,888</b>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

	General Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances</b>			
Nonspendable:			
Permanent Fund Principal	\$ -	\$ 132,411	\$ 132,411
Restricted For:			
General Government	-	916,532	916,532
Public Safety	-	461,165	461,165
Education	-	3,248,276	3,248,276
Public Works	-	109,777	109,777
Human Services	-	719,277	719,277
Culture & Recreation	-	564,667	564,667
Employee Benefits	-	769,520	769,520
	-	6,789,214	6,789,214
Committed To:			
Continuing Appropriations			
General Government	524,211	-	524,211
Public Safety	66,134	-	66,134
Education	974,479	-	974,479
Public Works	250,704	-	250,704
Human Services	3,185	-	3,185
Culture & Recreation	105,720	-	105,720
	1,924,433	-	1,924,433
Assigned To:			
Encumbered For:			
General Government	51,389	-	51,389
Education	542,015	-	542,015
Public Works	47,503	-	47,503
Employee Benefits	17,745	-	17,745
Subsequent Years Expenditures	1,952,193	-	1,952,193
	2,610,845	-	2,610,845
Unassigned			
General Fund	4,163,198	-	4,163,198
General Stabilization Fund	2,606,090	-	2,606,090
Nonmajor Governmental Funds	-	(566,689)	(566,689)
	6,769,288	(566,689)	6,202,599
Total Governmental Fund Balances	\$ 11,304,566	\$ 6,354,936	\$ 17,659,502

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 10 – STABILIZATION FUND**

The Stabilization Fund is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$2,606,090 as of June 30, 2014. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

**NOTE 11 – RISK FINANCING**

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

The fully insurable replacement cost value of Town buildings is \$268,282,828 and personal property is \$33,304,391 written on a blanket limit. This property is insured by a Special Form which includes such Covered Causes of Loss as fire, lightning, windstorm, vandalism and theft and carries a deductible of \$5,000 per covered claim. In addition, there is some limited coverage provided for damage caused by earthquake (\$25,000) and flood (\$50,000 deductible). A Named Storm deductible of 1% subject to a minimum \$5,000 deductible for any one occurrence applies. Also, the Town protects their third party liability exposures with commercial general liability, law enforcement liability, public officials' liability and educators' legal liability insurance policies with a limit of \$1,000,000 and an excess umbrella policy with a limit of \$5,000,000. Finally, the Town has in force a workers' compensation policy that satisfies their statutory insurance requirements for their employees.

The Town is a member of the Southeastern Massachusetts Health Group, which is a Massachusetts Municipal Health Insurance joint purchase group. The group provides health care coverage for employees that qualify for and select health care coverage as an employee benefit as well as retired employees. There are 548 active employees and 427 retirees who participate in the Group's health care programs. Employees and retirees in the group pay a percentage of an estimated health insurance premium. The percentage contribution for active employees and retirees ranges from 25% to 30% depending on the employee labor contracts and the selected health coverage.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2014.

**NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*Plan Description.* The Town of Mansfield Other Post-Employment Benefits Plan (The Plan), is a single-employer defined benefit healthcare plan administered by the Town of Mansfield. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees’ health and life insurance costs.

*Funding Policy.* The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2014, the total Town’s premiums plus implicit costs for the retiree medical program are \$2,764,109.

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

Annual required contribution	\$ 7,921,814
Interest on net OPEB obligation	985,152
Amortization of Actuarial (Gains)/Losses	762,832
Adjustment to annual required contribution (ARC)	<u>(1,369,506)</u>
Annual OPEB cost (expense)	8,300,292
Contributions made	<u>(2,764,109)</u>
Increase in net OPEB obligation	5,536,183
Net OPEB obligation - beginning of year	<u>24,585,190</u>
Net OPEB obligation - end of year	<u>\$ 30,121,373</u>

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the five preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Increase in Net OPEB Obligation</b>	<b>Net OPEB Obligation</b>
6/30/2009	\$ 7,870,917	21.7%	\$ 6,165,376	\$ 6,165,376
6/30/2010	\$ 7,530,139	27.3%	\$ 5,475,938	\$ 11,641,314
6/30/2011	\$ 7,017,089	35.1%	\$ 4,553,322	\$ 16,194,636
6/30/2012	\$ 7,062,357	46.3%	\$ 3,794,956	\$ 19,989,592
6/30/2013	\$ 7,792,865	41.0%	\$ 4,595,598	\$ 24,585,190
6/30/2014	\$ 8,300,292	33.3%	\$ 5,536,183	\$ 30,121,373

*Funded Status and Funding Progress.* As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.94% funded. The actuarial accrued liability for benefits was \$80.929 million, and the actuarial value of assets was \$0.761 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$80.168 million. The covered payroll (annual payroll of active employees covered by the plan) was \$49.546 million, and the ratio of the UAAL to the covered payroll was 161.8%.

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

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

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.0% percent graded down to 5.00% over two years. The actuarial value of assets is equal to the market value of the Plans assets. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2014, was 24 years.

**NOTE 13 – PENSION PLANS**

*A. Plan Descriptions*

The Town contributes to the Bristol County Contributory Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Bristol County Retirement Board. Substantially all employees are members of the "System." Except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The "System" issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission ("PERAC"), One Ashburton Place, Boston, Massachusetts 02108.

*B. Funding Policies*

Bristol County Contributory Retirement System

Plan members are required to contribute to the "System" at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the "System", its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the "system" for a portion of the benefit payments for the cost of living increases. The contributions to the "System" for years ended June 30, 2014, 2013, and 2012 were \$3,658,423, \$3,679,206, and \$3,545,780, respectively, which were equal to its required contributions for each of these years.

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

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$6,111,907 for fiscal year 2014. In accordance with GASB Statement No. 24, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town's landfill was closed in 1991 by order of the Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill site. The Town is responsible for post-closure monitoring of the site for thirty years (14 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$224,000 reported as landfill post-closure liability at June 30, 2014 is based on what it would cost to perform all post-closure care costs at June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various other legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 15 – MMWEC PARTICIPATION**

The Town of Mansfield, acting through its Light Department, is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs.

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

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

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) the majority owner and an indirect subsidiary of NextEra Energy Resources LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

Total capital expenditures for MMWEC's Projects amounted to \$1,609,213,000, of which \$101,672,000 represents the amount associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$225,280,000, of which \$13,942,000 is associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. After the July 1, 2014 principal payment, MMWEC's total future debt service requirement on outstanding bonds issued for the projects is \$184,003,000 of which \$11,590,000 is anticipated to be billed to the Department in the future.

The estimated aggregate amount of Mansfield Municipal Electric Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2014 and estimated for future years is shown below.

<u>For years ended June 30,</u>	<u>Annual Costs</u>
2015	\$ 3,795,000
2016	3,670,000
2017	3,383,000
2018	109,000
2019	633,000
2020	<u>-</u>
Total	<u>\$ 11,590,000</u>

In addition, under the PSAs, the Department is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSAs was \$10,378,000 for the year ended June 30, 2014.

**TOWN OF MANSFIELD, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

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

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, was implemented in fiscal year 2014. Management believes that this pronouncement requires no additional disclosure and will not have a significant impact on the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2013 – an amendment of GASB Statements No. 10 and No. 62*, was implemented in fiscal year 2014. Management believes that this pronouncement requires no additional disclosure and will not have a significant impact on the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2014. Management believes that this pronouncement requires no additional disclosure and will not have a significant impact on the basic financial statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.

**TOWN OF MANSFIELD, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
BRISTOL COUNTY REGIONAL RETIREMENT SYSTEM  
JUNE 30, 2014**

**Schedules of Funding Progress**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2013	\$ 562,448,845	\$ 840,301,708	\$ 277,852,863	66.9%	\$141,877,055	195.8%
1/1/2012	\$ 460,572,977	\$ 776,734,414	\$ 316,161,437	59.3%	\$133,231,288	237.3%
1/1/2010	\$ 447,114,412	\$ 690,292,202	\$ 243,177,790	64.8%	\$136,443,244	178.2%
1/1/2009	\$ 396,683,194	\$ 697,604,462	\$ 300,921,268	56.9%	\$158,880,971	189.4%
1/1/2007	\$ 390,706,411	\$ 593,767,462	\$ 203,061,051	65.8%	\$146,988,086	138.1%
1/1/2005	\$ 334,319,614	\$ 535,755,874	\$ 201,436,260	62.4%	\$134,953,427	149.3%
1/1/2003	\$ 291,903,656	\$ 440,692,634	\$ 148,788,978	66.2%	\$122,142,724	121.8%
1/1/2001	\$ 275,463,114	\$ 373,562,277	\$ 98,099,163	73.7%	\$121,345,005	80.8%
1/1/1999	\$ 226,836,196	\$ 311,255,734	\$ 84,419,538	72.9%	\$ 95,169,522	88.7%
1/1/1998	\$ 185,852,667	\$ 281,492,555	\$ 95,639,888	66.0%	\$ 90,608,158	105.6%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	System Wide			Town of Mansfield	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2014	\$ 31,070,816	\$ 31,070,816	100%	\$ 3,658,423	11.77%
2013	\$ 28,068,782	\$ 28,068,782	100%	\$ 3,679,206	13.11%
2012	\$ 27,049,058	\$ 27,049,058	100%	\$ 3,545,780	13.11%
2011	\$ 26,077,309	\$ 26,077,309	100%	\$ 3,459,705	13.27%
2010	\$ 29,154,746	\$ 29,154,746	100%	\$ 3,288,472	11.28%
2009	\$ 28,673,087	\$ 28,673,087	100%	\$ 3,205,320	11.18%
2008	\$ 27,438,341	\$ 27,438,341	100%	\$ 3,072,879	11.20%
2007	\$ 24,290,432	\$ 24,290,432	100%	\$ 2,706,609	11.14%
2006	\$ 20,940,103	\$ 20,940,103	100%	\$ 2,404,997	11.49%

**TOWN OF MANSFIELD, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2014**

**Schedules of Funding Progress and Employer Contributions**

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

Projected Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 77,242,387	\$ 77,242,387	0.00%	\$ 44,862,111	172.2%
7/1/2009	\$ 194,204	\$ 81,657,327	\$ 81,463,123	0.24%	\$ 42,951,000	189.7%
7/1/2010	\$ 194,314	\$ 79,241,809	\$ 79,047,495	0.25%	\$ 45,732,920	172.8%
7/1/2012	\$ 761,119	\$ 80,928,917	\$ 80,167,798	0.94%	\$ 49,546,063	161.8%

Schedule of Employer Contributions:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Increase in Net OPEB Obligation	Net OPEB Obligation
2009	\$7,870,917	21.7%	\$ 6,165,376	\$ 6,165,376
2010	\$7,530,139	27.3%	\$ 5,745,938	\$ 11,641,314
2011	\$7,017,069	35.1%	\$ 4,553,322	\$ 16,194,636
2012	\$7,062,357	46.3%	\$ 3,794,956	\$ 19,989,592
2013	\$7,792,865	41.0%	\$ 4,595,598	\$ 24,585,190
2014	\$8,300,292	33.3%	\$ 5,536,183	\$ 30,121,373

\* Based on expected premium payments.

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

Valuation date	July 1, 2012
Discount Rate	4.00%
Medical Trend	7.0% grading down to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Actuarial Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	24 at July 1, 2014

